46TH CONGRESS, 2d Session. } SENATE. { REPORT No. 440.

REPORT

OF THE

SELECT COMMITTEE

TO INVESTIGATE THE

FREEDMAN'S SAVINGS AND TRUST COMPANY.

UNITED STATES SENATE.

APRIL 2, 1880.

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46TH CONGRESS, 2d Session. } SENATE. { REPORT No. 440.

IN THE SENATE OF THE UNITED STATES.

APRIL 2, 1880.—Ordered to be printed.

Mr. BRUCE, from the Select Committee on the Freedman's Savings and Trust Company, submitted the following

REPORT:

[To accompany bills S. 711 and S. 1581.]

RESOLUTION.

Resolved, That the Select Committee on the Freedman's Savings and Trust Company, appointed by resolution of the Senate of April 7, 1879, is authorized and directed to investigate the affairs of said savings and trust company and its several branches, to ascertain and report to the Senate all matters relating to the management of the same and the cause or causes of failure, with such other facts relating thereto as may be important to a full understanding of the management and present condition of the institution, and to a more economical administration and speedy adjustment of its affairs.

Be it further resolved, That said committee, and any subcommittee thereof, shall be authorized to sit during the recess of the Senate, and be empowered to send for persons and papers, to summon witnesses, to administer oaths, and shall be authorized to employ a stenographer and such other experts, accountants, and other assistants as may be necessary; and that the said committee be authorized to have printed, from time to time, for the use of the committee and the Senate all the testimony taken by them, together with the papers laid before it.

Your committee, under the authorization and direction of the preceding resolution, have considered carefully the affairs and managements of the Freedman's Savings and Trust Company, and respectfully report the results of their investigation, together with the testimony and other evidence upon which their conclusions are based.

The resolution directing this investigation proposed an inquiry into the affairs of this institution for the purpose of ascertaining the causes of its failure under the management provided in the original charter, and, also, to ascertain the condition of the institution as administered by the commissioners appointed under the act of 1874, with the view to reduce the present cost of management, and the speedy and final adjustment of the affairs of the bank.

These purposes we kept steadily in view in our investigation, and while our inquiry has not been as complete in detail nor as full and definite in the ascertainment of important facts as might be desired, we have, nevertheless, proceeded far enough and determined enough to be prepared to suggest appropriate and adequate legislation upon the subject of our inquiry.

Pending the continuance of the civil war, and soon after the colored race became a considerable element in the military forces of the United States, the safe-keeping of the pay and bounty moneys of this class became a matter of great importance to them and their families, and to meet this exigency, military savings banks were created at Norfolk, Va., and Beaufort, S. C., centers at that time of colored troops. At the

close of the war the emancipation of this race increased the necessity of some financial agency to meet their economic and commercial wants, and in response to this demand, taking suggestions and counsel of the expedients that military experience had suggested for the benefit of this people, the National Congress incorporated, March 1865, the Freedman's Savings and Trust Company.

As its name imports, the institution was designed to perform for a particular class of our people the simple but important functions of a savings bank; its declared purpose being "to receive on deposit such sums of money as may from time to time be offered therefor, by or on behalf of persons heretofore held in slavery in the United States or their descendants, and investing the same in the stocks, bonds, treasury notes, or other securities of the United States."

Among its fifty incorporators were Peter Cooper, William Cullen Bryant, A. A. Low, S. B. Chittenden, and many other patriotic and philanthropic citizens, and the objects and patrons of the institution commended it to the confidence of the many thousand simple-hearted and trustful people who subsequently became its depositors.

The need for such an institution was real and pressing, and it not only met a public demand and supplied a great convenience to those for whose benefit it was ostensibly established, but it stimulated in them a spirit of thrift, frugality, and foresight which constitute important elements in the economic and industrial development of a people. From its modest beginnings it grew into an institution respectable in its proportions and large in its influence, reaching in its ten years of active operation an aggregate of more than fifty-seven million dollars of deposits, taking hold of the earnings of more than seventy thousand depositors.

Until 1868 the spirit and letter of the charter seemed to have been recognized very faithfully by the trustees and officers who administered the affairs of the company, and until the beginning of 1870 there do not appear to have been in the administration any serious and practical departures from the kindly and judicious programme indicated in the act creating the institution.

In May, 1870, an amendment to the charter was secured, which embodied a radical and what subsequent events proved to be a dangerous and hurtful change in the character of securities in which the trustees were empowered to invest the deposits of the institution.

Two-thirds of the deposits, that portion from which the dividends were expected to accrue, were originally required to be invested exclusively in United States securities, but by the amendment referred to one-half was subject to investment at the discretion of the trustees "in bonds or notes secured by mortgage on real estate in double the value of the loan." From this period began the speculative, indiscreet, and culpable transactions which ultimately caused the suspension of the bank, and disastrous losses to a very large extent upon an innocent, trusting, and necessitous class of citizens.

The institution was originated for benevolent ends, and appealed to the active, intelligent agents who assumed charge of it to do a needful, helpful business service without compensation therefor; and the attempt to conduct a business institution as a charity, looking for efficiency in its officers to their sympathies and philanthropic sentiments, rather than from any personal material benefit that would accrue to them, led to the construction of a charter without penal clauses, providing for the infidelity or bad faith of the officers.

The act of incorporation required no investment of money on the

part of the trustees in the enterprise, as a condition or qualification for holding their offices; it imposed no bond upon them, except in a few limited cases, as a guarantee for fidelity to their trusts. These defects in the charter seem to have grown out of the philanthropic character of the institution, and appear to have been considered unnecessary in an institution so constituted, if not incongruous with its purposes and character.

Whatever considerations conspired to create a fiscal institution of magnitude extended enough to reach and affect the interests of millions of a class of citizens, without providing for its permanency and the integrity of its management by incorporating the moneyed interests of the managers, as stockholders, with the fortunes of the institution over which they presided, and without providing adequate penalties for malfeasance or infidelity to their trusts, the institution thus created is, in the nature of things, exposed to more than ordinary dangers, and its continued permanent success could only be expected by the presence in its trustees and officers of that exceptional measure of intelligence and good faith that would hold the institution steadily to the purpose for which it was originally created.

If the trustees who conducted this bank had been men of great discretion, great integrity, and entire devotion to the purpose of the enterprise under their control, there is no reason why either loss to the depositors should have followed or disaster to the institution should have come. Even the crisis of 1873 could not have affected this institution if it had been honestly and intelligently conducted as originally projected. We are to look, therefore, for the causes of failure to other than the absence of these protective clauses to the charter.

The trustees, after 1870, evidently either misapprehended the declared purposes of the charter relative to the character of the available fund, or else they intentionally perverted and violated the charter requirements.

Section 6 of the charter declares that "It shall be the duty of the trustees of the corporation to invest, as soon as practicable, in the securities named in the next preceding section, all sums received by them beyond an available fund not exceeding one-third of the total amount of deposits with the corporation, at the discretion of the trustees." It further declares that the "available funds may be kept by the trustees to meet current payments of the corporation, and may by them be left on deposit at interest or otherwise, or in such available form as the trustees may direct."

The evident and only meaning of this language, taken in its connection and interpreted in harmony with declared purposes of the institution as a savings bank, is this: "You shall invest two-thirds of the deposits in United States security; one-third you may need for employés and for paying such sums as the depositors may from time to time withdraw from the institution. These are the "payments of the corporation," and as a savings bank, under this charter, it can have no other payments. It is uncertain how much of the deposits will be left permanently in the institution, and can be therefore permanently invested in United States securities as a basis of dividends; but it is assumed that two-thirds will be left permanently and one third may be required for the purposes just indicated. You shall not exceed the maximum of one-third in constituting the available fund, and in your discretion you must not reserve as an available fund one-tenth unless it is necessary for the payments of the corporation. This available fund, thus discreetly determined and reserved, you may put on deposit in

some safe bank, with or without interest, or you may loan it on short time on United States securities, so as to have it available for current payments of the corporation."

This is the meaning, nothing more or less; but the by-laws of the trustees show that they construed this discretion as to the available fund to authorize them to reserve one-third of the deposits, not to pay depositors and expenses of employés, but to do a general banking business—to enable them to discount paper; to do a business that can never be safely done except under compactly organized institutions, in which the moneyed interests of the trustees will guarantee discretion and care, and which, for success even then, demands the best and most experienced talent in its officers.

Section 3 of the charter—and it has never been amended nor repealed—declares that "the affirmative vote of at least seven members of the board of trustees shall be requisite in making any order for, or authorizing the investment of any moneys or the sale or transfer of any stock or security belonging to the corporation."

The seventh regulation of the by-laws puts a finance committee of five in charge of the securities and moneys of the company, and the thirteenth regulation authorizes them to do in this matter what under the charter can only be done by the trustees; and practically three members of the finance committee nominally and frequently two, really usurped and exercised in many instances the important functions which the board of trustees, under the charter, alone could exercise by an affirmative vote of seven trustees; and from 1868 to 1873 even the actuary, by resolution, as appears by the records of the trustees, was authorized to exercise an equal potential power in the loan of large sums of money and the changing of the forms of investment with the finance committee and the board of trustees itself.

All this occurred for years in handling the most sacred trust-funds, and currently with the printed and oral declaration of the officers to the ignorant and trusting depositors that the institution was not only in a sound condition, but was being faithfully and honestly administered for the purpose expressed in its charter and by the methods therein provided.

Section 15 of the charter contemplates and provides that the president, vice-president, and subordinate agents of the company "shall give security for their fidelity and good conduct while in office." It does not appear from the testimony that a bond was generally exacted, or that when given it was adequate; but it does appear that George W. Stickney, the actuary, exercising, with the connivance of the trustees and with the consent of the finance committee, arbitrary power in making loans to the extent of many thouands of dollars, never gave any bond at all during his whole term of the office, and he even states in his testimony that he was never required to give any. It is a tax on our credulity to expect us to believe that sane and honest men could so trifle with a serious trust and so recklessly administer the funds of others.

Section 12 declares that "no president, vice-president, trustee, or servant of the corporation shall, directly or indirectly, borrow the funds of the corporation or its deposits, or in any manner use the same or any part thereof, except to pay necessary expenses."

There are instances in which this provision has been disregarded directly; repeated instances in which members of a stock company, while holding office in the Freedman's Bank, would negotiate loans for the companies to which they belonged from said bank; instances in which the officers of the bank became security for borrowers from the institu-

tion. These transactions violate the spirit of the charter, and create a grave suspicion that, while the letter of the law may have been observed to some extent, the officers addicted to this practice were indirectly, if not directly, interested in the loans of this questionable character.

The amendments of the law changing the character of securities required from borrowers, and the flagrant violation of the fundamental provisions that we have suggested, open the way for abuses and initiated the culpable mismanagement, and in some cases the dishonest transactions, that ultimately paralyzed the institution and robbed its depositors.

The amendatory act of 1870, changing the form of security upon which loans were to be made, and the misapprehension of the character and uses of the available fund authorized by the charter, opened the way for speculative loans, offered opportunities for easy infidelity to official trusts, and invited a class of borrowers hurtful and dangerous to any fiscal institution, and complicated the methods of management, destroying the simplicity of administration, so important to the continued success of an institution like the Freedman's Savings and Trust Company. With all these disabilities, however, discretion and honesty in the management, if the bank had been held to the purposes of its creation, would have averted the disasters that came upon it. No institution of this character, if administered in the interests of the only parties who had any rights in the premises, could for a moment have made many of the loans under consideration. No bank, whatever its charter, would have advisedly entered into the Seneca sandstone, the Kennedy, Fleming, Boyle, Lyons, Vandenburgh and the Abbott Company loans, with any expectation of protecting the stockholders and depositors of the company from loss. We must, therefore, find a motive for these loans, not in the desire to serve the interest of the depositors of the Freedman's Bank, but in the purpose to further directly or indirectly the interest of the officers who so culpably and recklessly discharged the functions of their trust, or in the desire of said officers to further the convenience and interest of their friends among a certain class of borrowers; and we cannot satisfactorily and fully account for the failure of the bank by reference to the causes heretofore enumerated only, but must add thereto as contributing to failure the ignorance, inexperience, or the dishonesty of men holding official position in the institution. If adequate penal provisions had been incorporated in the original charter to punish infidelity on the part of the officers of the bank, even such a provision as is found in the amendatory act of 1874, many of the parties who practically control the operations of the institution would in some cases have been subject or liable to criminal prosecution.

In maintenance of the conclusions that we have reached in this connection, and as illustrative of the questionable management of the bank, we call attention in some detail to several out of many of the transactions to which we have referred.

The statement is not exhaustive, for transactions of this class were multitudinous, as will appear by report of experts and by the testimony, and involved the investment of nearly half a million of dollars, more than two-thirds of which will prove a total loss to the depositors; but the instances particularized are large in amount, and each possesses some unique and illustrative quality of recklessness or indiscretion, if not crime, on the part of the men responsible therefor.

The men who appear to have been most prominent in the question-

able transaction that we have detailed, and in others, were Messrs. Alvord, Cooke, Clephane, Huntington, Tuttle, and Richards, all members of the board of trustees, and a majority of them at one time or another members of some one of the administrative committees of the bank; and Messrs. Eaton and Stickney, the actuaries of the bank, who, under its loose administration and despite the charter, seemed to have exercised as much power in the management of the institution as the trustees themselves.

Mr. Alvord, the president from 1868 to 1873; Mr. Eaton, the actuary until 1872, and Mr. Huntington, a member of the finance committee, are now dead, and the parties sharing their responsibility, so far as they have come before your committee to be questioned on their official acts, have pleaded forgetfulness or ignorance of the violated law, or good intentions and philanthropic motives, and, all other excuses failing, they have placed responsibility for all questionable acts upon their dead associates, Messrs. Alvord, Huntington, or Eaton.

The living among these actors are, with few exceptions, believed to be insolvent, and a civil suit would be unproductive if instituted against them.

Facts may be developed by the further administration of the institution that may make it appropriate to institute both civil and criminal suits against the officers who have been unfaithful to their trusts, and we provide for this contingency in the bill submitted herewith.

THE SENECA SANDSTONE LOAN.

In 1867, under the general incorporation laws of the State of Maryland, there was organized a company under the title of the Maryland Freestone Mining and Manufacturing Company. The basis of the new company was a landed property, located on the Chesapeake and Ohio Canal about 20 miles from the city of Washington, embracing more than 600 acres of land, said land containing extensive, easily-quarried, and very valuable building-stone, generally known as Seneca sandstone. The property and improvements cost the holders about $120,000, and was held by them to be worth $250,000, and was put in the incorporation at this valuation in the form of $500,000 of capital stock. The incorporators were Messrs. H. H. Dodge, H. D. Cooke, John L. Kidwell, ——— Dodge, and ——— Anderson. The real owners of the stock were the three first-mentioned persons, Dodge and Anderson holding, for purposes of organization only, about ten shares of stock.

About $200,000 worth of this stock was, soon after the organization, sold to a large number of prominent citizens at the rate of $50 per share of $100 face value.

During 1868, $100,000 of first-mortgage bonds were issued and sold by the company, and the moneys arising from the sale of stock and bonds were invested in mills and other equipments of the property. Mr. H. H. Dodge was the president of the company during the first year of its operation, but at the end of that time withdrew from the directory and disposed of his stock, and was succeded by Mr. John L. Kidwell as president.

The property was essentially valuable, and appears to have been conducted for a period of two years as a legitimate and profitable business enterprise. In the mean while the management came into the possession of Messrs. Kidwell, Cooke, Huntington, and Hayden, and early in 1869 seemed no longer to be managed for the profits legitimately growing out of the development of the property, but for speculative purposes. To

utilize it for these latter purposes there was a stock dividend declared, and the stock was increased by the issue of $300,000 of new stock, and at the same time a new issue was made of $100,000 of second-mortgage bonds. These bonds were used, as is more particularly hereafter stated, as a basis upon which were procured loans in large amounts from the Freedman's Savings and Trust Company under circumstances that suggest not only corruption in the transaction on the part of some of the parties to the negotiation, but which have resulted most disastrously to the bank.

On the 8th of May, 1870, the Maryland Mining and Manufacturing Company, known as the Seneca Sandstone Company, obtained a loan of $4,000, and on the 27th of July, 1871, a loan of $27,000, for which they gave the bank as collateral $49,000 in second-mortgage bonds of the stone company, making a total loan to the Seneca company of $31,000.

Under date of July 25, 1870, appears a purchase by the Freedman's Bank of $20,000 first-mortgage bonds of the stone company, for which $18,000 was paid, being at 90 cents on the dollar.

Under date of January 2, 1872, an agreement was entered into between the actuary of the bank, D. L. Eaton, and three members of the finance committee, Messrs. Huntington, Tuttle, and Clephane, with Kilbourne and Evans, whereby the loan was transferred from the Seneca Sandstone Company to Kilbourn and Evans, who gave their note for $50,000. (See agreement in report.)

In accordance with this agreement, on the 15th of November, 1873, Kilbourn and Evans's note and all the securities, excepting the $75,000 second-mortgage bonds, were returned to them, but their account on the books was not closed until the 12th of February following. On that day a new account is opened with the Seneca company, and $50,000 principal and $7,500 accrued interest is charged against it, with the $75,000 second-mortgage bonds held as collateral. Kilbourn and Evans, in a letter to Mr. J. M. Langston, chairman of a committee appointed by the board of trustees to investigate this matter, deny having received any money from the bank in the transaction. They state that their object in giving their note for $50,000 was to accommodate the actuary, Mr. Eaton, who wanted the note to appear in their name instead of in the name of the Seneca Sandstone Company.

Under date of January 9, 1872, appears a receipt signed by John L. Kidwell, then president of the Seneca Sandstone Company, acknowledging to have received from D. L. Eaton, actuary, the $75,000 of second-mortgage bonds of the Seneca company, which were held as security for the two loans of $4,000 and $27,000 respectively. These bonds were the same that are mentioned in the agreement with Kilbourn and Evans. Mr. Stickney, then actuary, in a letter to Mr. J. M. Langston, on this subject, dated November 6, 1873, says that the Seneca company was indebted to the Freedman's Bank on the 2d of January, 1872, in the sum of $51,785.73, included in which amount he has the $18,000 paid for the first-mortgage bonds bought by the bank, and states that on that date (January 2, 1872) a transaction covering the whole matter was had with Messrs. Kilbourn and Evans, whereby their note was given for $50,000, payable in six months, with various securities, among which was the $75,000 second-mortgage bonds.

On the 9th of January, 1872, Mr. John L. Kidwell, president of the Seneca company, bought from the actuary, Mr. Eaton, the $20,000 first-mortgage bonds which the bank had purchased in July, 1870, paying therefor $18,000 as principal and $2,580 accrued interest, a total of

$20,580. The books do not show that the bank received credit for this money.

The bonds originally given as collateral for the loans to the Seneca Stone Company consisted of $49,000, second mortgage. The $20,000 first-mortgage bonds were disposed of as the receipt of Mr. Kidwell shows. How the balance of $16,000 second-mortgage bonds came into the possession of the bank it is impossible to tell. None of the records or books show, nor does the testimony.

This loan was made in plain violation of the provisions of the charter, and was entered into on the part of the bank by Mr. Eaton and Messrs. Clephane, Huntington, and Tuttle, of the finance committee, who attempted to cover it up by changing the form of the loan, and securing by secret agreement with Kilbourn and Evans the assumption of the debt by them. This secret agreement and the subsequent suspicious and unauthorized release of the note of Kilbourn and Evans were so suspicious and so suggestive of fraud, that when the facts were brought to the attention of the commissioners, one of them, Mr. Leipold, and the attorney of the commissioners, Mr. Totten, believed there were sufficient grounds for a legal prosecution against the parties to recover the money thus wrongfully taken from the bank.

Mr. Creswell, another commissioner, in view of the expense of litigation and the grave doubts about procuring testimony in the case, advised against the prosecution, and no action was had. In this view Mr. Purvis, the other commissioner, concurred.

J. C. KENNEDY LOAN.

A loan was made to J. C. Kennedy, March 27, 1872, for $12,000, on $20,000 second-mortgage bonds of the Seneca Sandstone Company. This loan was made just after the questionable transactions between the bank, the Seneca Stone Company, and Kilbourn and Evans, and made on the same kind of worthless security. This loan has never been paid, and the question of settlement is now pending in the courts on suit brought by the commissioners. The probabilities are that this amount will be lost to the bank.

VANDENBURGH.

Another set of loans by which the bank will suffer heavy loss are those made to J. V. W. Vandenburgh and the Abbott Paving Company, of which Vandenburgh was treasurer. Loans amounting in the aggregate to $122,000 were made to Vandenburgh, the collateral for which consisted of certificates of the board of public works of the District of Columbia, and approved bills against the District for work done improving streets, &c.

There is still due the bank from Vandenburgh about $77,000.

The Abbott Paving Company, of which Vandenburgh was treasurer, also obtained large sums from the bank in the nature of loans, for which the same class of securities were given as in the Vandenburgh loans. The loans to the Abbott Paving Company aggregated $89,000, of which about $48,000 has been paid. It is estimated that the loss to the bank in these two cases will reach between $50,000 and $75,000.

The loans made to Vandenburgh and the Abbott Paving Company were made at various times during the years 1870–'71–'72–'73 and '74.

EVAN LYONS LOAN.

The loan of $34,000 to Evan Lyons, made on the 23d of July, 1872, has caused a loss of $25,000 to the bank. The collateral given consisted of 60 acres of land, known as the Lyons mill seat, in Washington County. Lyons made four applications for loans of smaller amounts, offering in each case the same collateral. Upon presentation of the application to the finance committee it was repeatedly rejected, and on the 8th of May, 1872, it was rejected absolutely. Yet on the 23d of the July following the same finance committee approved this loan to him for $34,000. The board of trustees, at a meeting of May 16, 1870, expressly forbid the making of any loan for a longer period than one year. When the bank closed in June, 1874, this loan remained unpaid, and when the affairs of the bank were turned over to the present commissioners there was due from Lyons, including accrued interest, the sum of $38,188.37.

The commissioners of the company subsequently sold the property under the deed of trust held by the bank, and bought it in for $40,000. They still hold the property, being unable to obtain a purchaser for it at a price anywhere near the amount of indebtedness. It is estimated that the loss on this loan will amount to $25,000. This statement of facts, taken from the books of the company, was not satisfactorily explained by the testimony taken on this point.

R. I. FLEMING LOANS.

The loans made to R. I. Fleming aggregated about $224,000. A balance is still due from Fleming of $35,026.98. The securities taken for the loans made to Fleming were often insufficient, consisting mainly of approved bills against the District of Columbia, Young Men's Christian Association stock, and collaterals of that character, and in some cases no security was taken. Fleming is now bankrupt, and there is very little prospect of the Freedman's Savings and Trust Company ever realizing anything on his indebtedness. The estimated loss on the Fleming loans will aggregate $32,000. The following named were members of finance committee and approved many of the loans made to Fleming, viz: Messrs. Kelly, Cooke, Huntington, Richards, Langston, Balloch, Clephane, and Tuttle.

JUAN BOYLE LOANS.

The loans appearing in the name of Juan Boyle were made in direct violation of the charter. The board of trustees had, by a yea and nay vote, closed the bank on the 29th of June, 1874. The books show that $33,366.66 was loaned Boyle on the 30th of June, the day after. For one loan, viz, $4,366.66, no collateral whatever appears to have been taken, and for the other, viz, $29,000, collateral utterly worthless was accepted, in direct violation of the amended charter, which provided that the collateral in all cases should be of double the value of the loan. In this case it amounted to but $18,000, $10,000 of which turned out to be of no value whatever. The $10,000 note of Boyle, part of the security, was secured by real estate upon which there existed a prior lien, and the real estate in question was sold under this prior lien, thus leaving only the $8,000 of railroad bonds.

The estimated loss on the Boyle loans is $31,000, which includes interest, costs, and expenses. These loans were not approved by the finance committee or the board of trustees. The actuary, Mr. Stickney,

made the loans without obtaining the approval of the finance committee, and he so states in his testimony.

This loan was made after the bank had formally closed, was made without authority of law by the actuary Mr. Stickney, was made without advising with either the trustees or finance committee, was made by a man required to give a bond by the charter, but who not only refused to execute a bond, but perpetrated many high-handed and arbitrary acts without a bond, and with impunity from either censure or punishment by his superior officers. This was not only an unlawful act, but one impertinently offensive, and made subsequent to the amendatory act of 1874, and subject to the penalties provided therein. Why Mr. Stickney has not been dealt with we are not advised, but he is certainly subject to criminal action for his conduct in this if not in other cases.

PRESENT MANAGEMENT.

The amendatory act of June 20, 1874, provided for closing up the entire business of the bank, when such action should be deemed advisable by the trustees, through the appointment of three commissioners, vesting in said commissioners the powers exercised by the trustees and such additional powers as might be necessary for the purposes of their appointment.

On the 29th of June, 1874, the bank by vote of the trustees was closed, and three commissioners—Messrs. Creswell, Purvis and Leipold—were appointed to close up the business of the bank, and they qualified and entered upon their duties July 11, thereafter.

The statements of the commissioners and the tabulated reports and schedules submitted by them to the committee are furnished herewith, and give a very full idea of the management and condition of the bank since they entered upon its control.

The statements and reports show the total assets and liabilities of the bank when they assumed control, the amount of dividends to May, 1879, the annual and aggregate expenses of administration, including taxes, salaries of commissioners and of employés, and other incidental items of expense, and the present assets and liabilities.

It will be seen from these statements that 30 per cent. of dividends have been declared, and that there is reasonable ground to expect a further and final dividend of at least 20 per cent., leaving as a loss to the depositors something over $1,500,000.

It will be seen also that the aggregate cost of administration for the six years during which the commissioners have had charge of the institution has been $335,994.77.

Of this aggregate fifty odd thousand dollars have been paid as salaries to the commissioners, and more than $70,000 to agents and other employés, and more than $31,000 as attorneys' fees.

It was deemed desirable by those who procured the passage of the amendatory act of 1874 that the duties of the institution should be devolved upon three commissioners, the friends of the measure deeming it important that a responsible representative of the colored race should be on the commission, that one of the commissioners should be learned in the law, and that one of them should be practically familiar with details and methods of banking; and these considerations not only operated to produce the legislation in question, but were also recognized in the appointment of the gentlemen who have administered the affairs of the bank since July 11, 1874. Whatever motive prompted this feature of the law, the history of the affairs of the company for the period

referred to show that the provision was an improvident one, and imposed upon the bank a needlessly large and expensive management.

If this expensive machinery were ever needed or expedient it is no longer so, and we recommend the passage of a bill placing the affairs of the bank in the hands of a single person, with such powers conferred upon him and such restrictions as will lead to the earliest practicable settlement of the business of the institution.

Another item we deem worthy of attention and legislation, to wit, the purchase by the government, at such reasonable price as may be agreed upon, of the building located upon Pennsylvania avenue known as the Freedman's Bank and the real estate upon which it is situated.

The sale of this property at a fair price for an amount approximating its costs and equaling its real value is very inportant for the depositors, and as an incident to closing up the business of the company. If sold at a private sale or at auction, under ordinary circumstances, it would be sold at great sacrifice, a sacrifice that the afflicted losers and patrons of this institution cannot well bear. If not sold at all, it postpones indefinitely the final settlement of the business of the bank. It is very valuable property. The building is already in use by the Department of Justice and the Court of Claims at an annual rental of about $20,000. The government needs it now, will need it still more in the future, will want to purchase it in the future, and if sold to private parties it will he held at speculative prices, and when the public necessities make it imperative to purchase it, it must be bought at these prices.

Under the circumstances, as a judicious investment for the public use no less than a legitimate measure of relief to a necessitous and deserving class of citizens, we favor the purchase of the building and adjoining property by the government.

To carry into effect the views and recommendations that we have submitted, we have prepared and herewith submit, as amended, Senate bill No. 711, providing for a more economical administration of the Freedman's Savings and Trust Comyany and a speedier closing up of its business, and also a bill authorizing the purchase of the Freedman's Bank and adjoining property, and respectfully recommend the passage of the same.

INVESTIGATION

OF THE

FREEDMAN'S SAVINGS AND TRUST COMPANY,

BY THE

SELECT COMMITTEE OF THE SENATE,

AUTHORIZED

Under the resolutions of April 7 and May 16, 1879.

COMMITTEE-ROOM OF THE SELECT COMMITTEE
ON THE FREEDMAN'S BANK,
Washington, D. C., May 20, 1879.

The Select Committee of the Senate on The Freedman's Savings and Trust Company met this day at 10 o'clock a. m. Present, B. K. Bruce (chairman), J. B. Gordon, R. E. Withers, A. H. Garland, and Angus Cameron.

The resolutions under which the committee were appointed and authorized are as follows.

That of April 7, 1879:

Resolved, That the President of the Senate appoint a select committee of five on the Freedman's Savings and Trust Company, to take into consideration all matters relating to said institution; that said committee be authorized to employ a clerk, and that the necessary expenses be paid out of the "miscellaneous items" of the contingent fund of the Senate.

Also, the resolutions of May 16, 1879:

Resolved, That the Select Committee on the Freedman's Savings and Trust Company, appointed by resolution of the Senate of April 7, 1879, is authorized and directed to investigate the affairs of said savings and trust company and its several branches, to ascertain and report to the Senate all matters relating to the management of the same and the cause or causes of failure, with such other facts relating thereto as may be important to a full understanding of the management and present condition of the institution, and to a more economical administration and speedy adjustment of its affairs.

Be it further resolved, That said committee, and any subcommittee thereof, shall be authorized to sit during the recess of the Senate, and be empowered to send for persons and papers, to summon witnesses, to administer oaths, and shall be authorized to employ a stenographer and such other experts, accountants, and other assistants as may be necessary; and that the said committee be authorized to have printed, from time to time, for the use of the committee and the Senate all the testimony taken by them, together with the papers laid before it.

THE COMMISSIONERS EXAMINED.

In compliance with the call of the chairman of the committee, Messrs. John A. J. Creswell, R. H. T. Leipold, and Robert Purvis, commissioners of The Freedman's Savings and Trust Company, appeared before the committee.

THE TESTIMONY.

The CHAIRMAN. It is our desire, as a committee, to confer with you as to the best plan of closing up the affairs of the Freedman's Bank, and we wish to have the benefit of such suggestions as you may be able to make.

Mr. LEIPOLD. I suppose that the committee has seen the letter I addressed to the chairman in regard to the matter. [See Appendix, Communication No. 1.] Of course that contains my general ideas on the subject.

There are items of assets (as will be shown by the papers which we have also brought here in answer to your communication) which could not be disposed of at the present time without immense sacrifice; in fact, they would be wholly sacrificed. The largest amount of assets are lawsuits, pending which we could hardly dispose of these assets at any price. But the expenses of the present commission are quite large, as was indicated in the letter, and I think that a more economical plan might be devised. My idea is that the remnants of the concern to be adjusted should be transferred to some government department, and in that department be wound up by a government officer in connection with his other business. In that case, I do not think it would require more than the employment of some competent business man to aid whatever officer the affairs of the company might be transferred to; and they, together with the counsel which would be necessary, and which has already been engaged in the several cases, could wind up the concern with much less expense. That is my idea about it.

THE GENERAL EXHIBITS PRESENTED.

Mr. CRESWELL. In obedience to the request of the committee, Mr. Chairman, we have prepared an abstract, and brought it with us [see Communication No. 2, Appendix], showing, as nearly as we could, the present condition of the property. Here is a general abstract of the accounts of the commissioners [see Appendix, Schedule A 1]. It states, first, the amount of liabilities, as far as ascertained, up to May 10, 1879, and the total amount of assets transferred to the commissioners; the total of cash receipts to May 10, 1879, and the cash disbursements to the same date, under general items. Then we have furnished a statement of other assets on hand, giving, first, under Schedule A [see Appendix, Schedule A], a statement in detail of the notes in process of collection and not yet matured; under Schedule B [see Appendix, Schedule B], a list of the lawsuits still pending; under Schedule C [see Appendix, Schedule C], the list of judgments obtained; and under Schedule D [see Appendix, Schedule D], a list of the real estate still on hand. This is a general statement of accounts. We have also furnished and brought with us a detailed statement of annual expenses up to November 30, 1878, in Exhibit E, and from that date to May 10, 1879, in Exhibit F [see Appendix, Exhibits E and F].

By Mr. GORDON:

Question. From what date?—Answer. From the commencement of our administration, July 13, 1874, up to May 10, 1879. Our statement shows every penny we have received, every penny we have paid out, and every penny we have on hand.

Schedule G, herewith submitted, is a memorandum of balances due depositors and of dividends paid by the branches. This shows the condition of each branch in general terms. [See Appendix, Schedule G.]

Schedule H is a cash statement to May 10, 1879. [See Appendix, Schedule H.] It shows the cash now in our hands to be $1,075.84; cash in the United States Treasury, $238,397.99; cash with the United States assistant treasurer at New York, $31,448.41; making the total of cash $270,922.24. The special deposits, when we took possession, amounted to $35,224.22. These we were required to pay first; they were "special" under the law, you will observe. The preferred claims were $38,239.07, making a total of $73,463.29, which we paid. The total amount deposited in the bank at the time when we took possession was $2,934,313.66, which includes, however, a special deposit amounting to $240.91. The amount of ordinary deposits, when we took possession, was $2,934,072.75. Then there was a special account, the Rost Home Colony, amounting to $23,968; branch drafts, amounting to $5,297.29, and miscellaneous claims of $652.07, making a total of liabilities of $3,037,453.40.

Out of our collections we paid for special deposits and preferred claims $73,222.38; and with the checks in vault for $240.91 of special deposits, above referred to, we had a total of $73,463.29 to be deducted from the gross total of indebtedness named above; leaving the liabilities subject to dividends a total of $2,963,990.11.

THE DIVIDENDS DECLARED.

We declared one dividend of twenty per cent. on this gross sum of $2,963,990.11, which amounted to $592,798.02; and we paid on account of this dividend the sum of $547,683.04, leaving still due in our hands, on account of the first dividend, $45,114.98.

By Mr. CAMERON:

Q. That has not been applied for?—A. Not applied for.

Mr. CRESWELL. Then we had a second dividend.

By Mr. CAMERON:

Q. That was ten per cent., was it not?—A. Yes, sir; ten per cent., and it amounted to $296,399.01. We have paid out on this second dividend $252,296.24; and we still have on hand, unapplied for, a balance due on this second ten per cent. dividend of $44,102.77. A statement, then, of the cash on hand shows that we have as applicable to the first dividend the sum of $45,114.98, and to the second dividend, $44,102.77, making a total from the two dividends of $89,217.55. Then we have, as a special deposit, a sum arising out of the proceeds of certain collaterals sold in the cases of the bank against Vandenburgh and The Abbott Paving Company, of $76,260.24.

By Mr. WITHERS:

Q. Why was that made special?—A. Because we had a large amount of collaterals in that case and the opportunity of selling some of them, and by agreement of all the parties it was determined that we should sell and deposit the proceeds in the treasury, subject to the agreement. Then we have a special deposit standing in my own name, as trustee, of $517.50; and a special deposit of $4,416.22, standing in the name of Enoch Totten, as trustee, that we hold subject to the further decision of the courts.

By Mr. GARLAND:

Q. Are these cases in the Supreme Court at present?—A. Appeals have been taken.

Mr. CRESWELL. This makes, subject to special liens and claims, a

total of $170,411.71, and leaves as available cash in the Treasury the sum of $100,510.53. [See Appendix, Schedule H.]

We beg to present also to the committee copies of communications which we addressed to the Speaker of the House of Representatives, Hon. Samuel J. Randall, on the opening of the last session of Congress, December 2, 1878, and to the honorable Secretary of the Treasury. The former is of the nature of a report and application for relief, and gives a synopsis of our condition, and in brief the views of the commission with reference to the legislation we desire. [See Appendix, Communications Nos. 3 and 4.]

By Mr. WITHERS:

Q. Has that communication to Mr. Randall ever been printed?—A. No, sir; our last two or three reports have never been printed, to our regret.

THE COMMISSIONERS DESIRE TO BE RELIEVED.

I will say here, in reference to our desire to be relieved from the duties of commissioners, alluded to by Mr. Leipold, and made a part of the communication addressed to the Speaker of the House of Representatives, that we have applied to Congress at almost every session for the past two or three years to be relieved of our trust. We took possession as commissioners in July, 1874, and we gave our bond for one hundred thousand dollars, which is on file in the Treasury. Under the law, all collections we received were to be deposited in the Treasury. They have been so deposited in the Treasury, as fast as we could realize on them, with the exception of a small balance of a few hundred dollars, which we have been obliged to keep on hand, from time to time to pay the petty expenses, the minor current expenses. We applied to Congress at its first session after our appointment—the session of December, 1874—for certain measures of relief and for certain assistance by way of additional legislation. Congress adjourned without giving us any, and they have declined, or rather failed, to give the additional legislation we have required, with the exception of one law authorizing us to sell any real estate at private sale, with the approval of one of the judges of the district court of the United States in the District of Columbia. Finding that we did not get the relief we sought, we immediately applied to the Secretary of the Treasury to relieve us from our trust. The Secretary referred our application to the Attorney General, and the Attorney General decided that we could not be relieved from our present trust; and under that we have been obliged to go on, and have been going on ever since, and done the best we could. We still desire to be relieved, and trust that Congress will direct us to hand over the affairs of the company to some officer of the government, or other person, as will best promote the interests of the depositors.

LEGISLATION PROPOSED BY THE COMMISSIONERS.

We have prepared, and beg to present here, two or three bills embodying, one of them, in part, the provisions of a bill which was submitted by the Judiciary Committee at our request. We applied to them for such action at the last session. With certain additional suggestions which we make this is the bill.

By Mr. WITHERS:

Q. The Judiciary Committee of the House?—A. No, sir; of the Senate. I beg pardon, I was mistaken; it was the Finance Committee of

the Senate, not the Judiciary Committee. It was presented by Mr. Bayard. We have made certain suggestions by way of amendment to that bill, which we think ought to be considered.

By Mr. CAMERON:

Q. What is the general object of the bill?—A. To relieve us from the trust, first, and hand it over to the Comptroller of the Currency to be closed up; and having at the end of the bill provisions for the purchase of certain lots and parcels of ground with buildings and improvements belonging to the company.

By the CHAIRMAN:

Q. Who introduced the bill?—A. The bill was introduced by Senator Bayard.

Q. He introduced two bills; I wanted to know which of them you have here with the suggested amendment?—A. Mr. Dawes introduced one; that was simply a bill which came from the Committee on Public Buildings and Grounds, to purchase certain property.

Mr. LEIPOLD. You will remember, Mr. Creswell, that Senator Bayard did introduce another bill, which was changed considerably. This bill, originally introduced, made the Comptroller of the Currency a commissioner. The bill as subsequently introduced and reported from the committee gave power to the Secretary of the Treasury to appoint a receiver. This (the bill now placed before you by the commissioners) is the bill as originally introduced, making the Comptroller of the Currency a commissioner, and vesting him with the same rights and powers that the present commissioners have, and authorizing him to wind up the concern. [See appendix, Bill No. 1.]

Mr. CRESWELL. Well, we should be very glad, gentlemen, to be relieved from this trust and to hand it over to others, if it should meet the views of the committee.

We have also prepared for the information of the committee, and by way of suggestion, a bill upon a somewhat different theory. [See Appendix, Bill No. 2.] This bill provides for the purchase of the Freedman's Bank property at a price to be fixed by the committee, and then it contains other provisions looking to the sale of the remaining property on hand within a certain specified time. I will read the second section:

SEC. 2. The further sum of five thousand dollars, or so much thereof as may be necessary, is hereby appropriated, out of any money in the Treasury not otherwise appropriated, for the purpose of fitting up the rooms upon the first floor of the fire-proof building upon said premises known as the Freedman's Bank building, under the direction of the Supervising Architect of the Capitol, for the use of the Court of Claims, and the removal of it and its records and papers thereto.

THE RIGHT TO COMPOUND AND COMPROMISE CLAIMS.

The bill also contains, in the third section, a provision which we deem of great importance to the right settlement of the affairs of the company. It is as follows; I read the third section:

SEC. 3. That the said commissioners of the Freedman's Savings and Trust Company, with the approval of the Secretary of the Treasury, shall have the right and authority to compound and compromise all debts due to and liabilities of the company, and that said commissioners, within six months from the passage of this act, shall, so far as may be in their power, sell and dispose of, to the best advantage, all the property and assets of said company remaining in their hands or which may hereafter be acquired by them, and shall declare a further dividend among the creditors of said company who have heretofore presented their pass-books or other evidences of indebtedness on which their claims are respectively founded, or who may present said pass-book or evidence of indebtedness before the end of the said six months; and in said further dividend the said commissioners shall include the balances of former dividends not duly claimed before the expiration of five months from the passage of this act. And

upon the expiration of the said six months the said commissioners shall immediately deliver all moneys, property, books, vouchers, and assets then in their possession or standing to their credit in the Treasury of the United States to the Comptroller of the Currency, who shall proceed to pay said dividend with as little delay as possible, and after the delivery aforesaid the said commissioners shall be relieved from any and all responsibility for the future conduct and management of the affairs of said company.

Now this looks to two things, for the securing of which we think power should be given us, but as to which we are very much in doubt whether the authority was vested in us by the act of June 20, 1874, under which we qualified and under which we have been acting: one is, the power to compromise and adjust claims; and the other is, authority to appropriate the balances that stand over from the paid out dividends for the benefit of the other creditors who remain. There are some fifty or sixty thousand of these creditors whose individual balances are very small; many of them we can never reach; many of them have died; many have gone away; and there are, in addition to this, inaccuracies in the books which show balances in many cases where there really were no balances, and under the circumstances we think it is only right and proper, after giving due notice, that the balances of dividends remaining unclaimed should be distributed for the benefit of the ascertained creditors of the company; and this we have at present no authority to do under the law by which we are acting. These are two very important matters, as we think; matters on which we should have speedy and favorable action.

DISTRIBUTION OF DIVIDENDS TO DEPOSITORS.

By Mr. GORDON:

Q. May I inquire how you managed the distribution of the two dividends heretofore paid? Did you do it by advertisements, and were the dividends sent to depositors by mail; or was it done by application of the creditors in person, or by attorney, at the principal office and branches?—A. We undertook, in the beginning, to obtain from the Secretary of the Treasury, or the government, authority to enable us to deposit the money in the most convenient United States depositories nearest to the company's branches, and require them to pay the money out as government money. But to that the Secretary of the Treasury objected, and we were obliged to adopt the plan of paying on checks drawn to the order of each depositor, and to require that the evidence of indebtedness, the pass-books, should be presented in each case. Although this involved a great deal of labor by way of correspondence, it was the only safe and efficient way we could adopt, being thus thrown entirely on our own resources in the matter.

Q. Did you attempt to correspond with individuals?—A. There were some sixty-odd thousand individual depositors. Many of them were reached personally through our agents; many sent their accounts to the banks for collection; a great many pass-books were sent to us by mail; on these we entered the dividend, in the book, so as to show the credit there; then we drew the check, signed by two commissioners, and returned it to the party in his book.

Mr. LEIPOLD. Extended notice of the dividends was secured by the agents and friends of the Freedman's Bank in the several localities, and through the reading of the notice by prominent clergymen in the churches in many parts of the country.

Mr. WITHERS. Yes; I had observed that fact in relation to the notice of dividends.

Mr. CRESWELL. We also endeavored to give the greatest possible publicity of the dividends through the newspapers. As soon as it was determined that a dividend would be declared, we notified the newspapers of the fact, and the news would thus soon be circulated through the country, and by the time we were ready to pay the dividend, we had a large collection of books gathered together. The payment of the dividends was of itself no small matter, involving a great deal of labor and always the employment of additional clerks.

Mr. PURVIS. I think that we found the proof of the success of our method in the fact that so large a number of books were received, and so large a percentage of the dividend was paid out.

Mr. WITHERS. One singular fact I have observed, that the dividend unclaimed under the ten per cent. call was nearly as great as under the twenty per cent. call.

Mr. CRESWELL. Yes; that is a little remarkable; and it is a fact, too, that the second dividend called out a good many books that failed to respond at first.

Mr. PURVIS. And a good many who are waiting for the third dividend, are waiting to get the second and third dividends at the same time.

FURTHER PROVISIONS OF THE BILLS.

Mr. CRESWELL. The bill that we have prepared further provides, in its fourth section, as follows:

"SEC. 4. That, immediately upon the expiration of said six months, the Secretary of the Treasury is hereby authorized and directed to appoint the Comptroller of the Currency a commissioner, who shall execute a bond to the United States, with good sureties, in the penal sum of twenty thousand dollars, conditioned for the faithful discharge of his duties as commissioner aforesaid, and take an oath faithfully to perform his duties; which bond shall be executed in the presence of said Secretary and approved by him, and by him safely kept, and when said bond shall have been executed and oath taken, then said commissioner shall be invested with the possession and legal title to all the property of said company for the purposes of this act, and the said act of June twentieth, eighteen hundred and seventy-four" (that is the act under which we qualified—see Appendix, Act of June 20, 1874), "and shall have all the rights, prerogatives, and privileges, and perform all the duties, that were conferred and enjoined upon the three commissioners mentioned in said act of June twentieth, eighteen hundred and seventy-four."

Now it is proper that I should say that we were appointed, originally, by trustees of the company, and our appointment was required to be ratified by the Secretary of the Treasury. That was done, and our compensation was also fixed under the law, not exceeding a certain sum per annum. The question arises whether Congress can—this being a private corporation—designate new commissioners and vest in them the authority of the corporation without having obtained consent from the trustees or such parties as carry the legal entity of the body. That question was raised on us at Nashville, as to our authority to represent the company and bring suits. The chancellor there decided, after quite a long discussion, and I presume an able one, that we were authorized to act, because we had the consent of the corporate body, and that consent vested whatever authority to act the corporation itself had in the commissioners. It will be for the committee to consider that as a legal proposition, as to the power of the commissioner who is to succeed us,

because he will have to carry on the litigation now in process and may be called upon to bring new suits.

Mr. LEIPOLD. That is provided for in the amendment to the bill introduced by Senator Bayard; it is the interlineation in the second section which provides that the Secretary of the Treasury be authorized and directed to appoint the Comptroller of the Currency a commissioner, &c., "a majority of the board of trustees of said company approving." This insertion, "a majority of the board of trustees of said company approving," meets the case, I think, as stated by Mr. Creswell.

Mr. CRESWELL. Well, I make the suggestion that the question be looked into as a legal proposition by the committee in its bearing upon any transfer that may be made. As to the bill introduced by Senator Bayard, we have added one or two amendments in the second section, the one referred to by Mr. Leipold and the following at the end of the section, namely:

Provided, That nothing contained in this act shall in any way impede or delay any case or cases instituted in any court by or against the commissioners appointed under the provisions of the act to which this act is amendatory; but every such case shall, upon suggestion of the appointment of the Comptroller aforesaid and due entry of the change on the dockets of the respective courts in which they may be pending, be proceeded with in the same manner as if such change had not been made.

Then there is an amendment also added at the end of the eighth section. The eighth section reads:

SEC. 8. That said commissioner shall make payments to those depositors only whose pass-books have been properly verified and balanced, unless said pass-books have been lost or destroyed; then, upon satisfactory proof of such loss or destruction, and the amount due them, he may pay as though they had pass-books.

To this we have added as a part of the eighth section as follows:

But all claims founded on pass-books or otherwise, not presented to said commissioner for examination and credit within —— months from and after the passage of this act, as well as all dividends declared upon audited accounts not called for within —— years from the date of their declaration, shall be barred, and their amounts shall inure to the benefit of the other depositors of the company.

Then there is a provision in the bill in regard to the employment of an attorney to investigate the company's management and to institute proceedings in certain cases. It is section ninth of the bill. I will read it:

SEC. 9. That said commissioner is hereby authorized and directed to employ some competent attorney-at-law to investigate the manner in which said company has been managed by its trustees and others having control of the same; and if, in the judgment of said attorney, the affairs of said company have been mismanaged or managed fraudulently and corruptly, then said commissioner shall cause such civil and criminal proceedings to be instituted in the courts against those participating in said mismanagement or fraudulent and corrupt management as he shall deem right and proper to attain the ends of justice. He shall pay fees and costs of suits out of the funds in his hands as commissioner aforesaid: *Provided*, That the aggregate amount to be paid to attorneys shall not exceed five thousand dollars for any one year.

We do not feel at liberty to interfere with this provision of the bill, although we very much doubt whether at this late day proceedings could be instituted under it with any degree of profit to the concern.

REPORTS MADE BY THE COMMISSIONERS.

We also beg to present to the committee, copies of all the reports we have made and which have been printed, together with memoranda of other reports we have made and which have not been printed. We have made, I think, six or seven reports. Here are four of them: one of date December 14, 1874; one of January 18, 1876; one of February

12, 1876; and one I have already referred to, of March 19, 1878, to the Hon. Samuel J. Randall.

By Mr. WITHERS:

Q. Were not all the reports made to the Douglas committee printed?—A. No, sir; the reports were made, but not all printed.

Mr. LEIPOLD. I think that the one of February 12, 1876, is an itemized report, covering the term of the commissioners, from the date of their entering on their duties to the end of January, 1876, and that it is annexed to the report made by the Douglas committee. I think it was put in print in that way. The fullest report was that of March 19, 1878, which contained a detailed statement of the receipts and disbursements to that time. We have also here, for the use of the committee, copies of the original act of June 20, 1874 (see appendix), which has been the guide for the conduct of the commissioners. In regard to the two bills read by Mr. Creswell, I may say that the only difference between them is that the new bill in manuscript proposes to keep the present commission in existence six months longer (see appendix, bill No. 2), and then, at the expiration of that time, to transfer all that remains of the corporation over to the Comptroller of the Currency. The other bill, introduced by Senator Bayard, and amended as read to the committee (see appendix, bill No. 1), proposes to do that thing at once; that is, to make the transfer of the trust at once, just as it now stands—of course from the date of the passage of the bill.

Mr. CRESWELL. We have done, as commissioners, the best we could; and we are not only willing and desirous, but anxious that the committee should examine every order we have given; look into every expenditure we have made; verify every cent we have received and every cent we have paid out; inspect all our accounts, examine our books, papers, memoranda, and all matters relating to the bank in our custody; but we would respectfully suggest that to do this most satisfactorily the committee should take a room at the bank, where they may have ready access to all the check-books, papers, vouchers, accounts, and everything else they will need to inspect, and so that they may be securely replaced after inspection by the committee. To bring these books and papers here would require ten or twelve four-horse wagons, and it would be impossible, not only to send them here, but there is not capacity in this room, or building, to receive them.*

By Mr. WITHERS:

Q. Have you all the books of all the branches there?—A. Yes, sir.

By Mr. GORDON:

Q. You have furnished us with the consolidated statements—the ledger balances, have you not?—A. Yes, sir; the balances.

PRESENT CONDITION OF THE COMPANY'S ASSETS.

By the CHAIRMAN:

Q. Well, Mr. Creswell, what do you think of the character and shape of the assets of the bank at this present time?—A. We have already declared dividends amounting to 30 per cent. If we can sell the property on hand at a fair price, and collect the hopeful notes still outstanding, and make a reasonably successful disposition of the cases now

* The committee held its meetings in a small room in a wooden structure at the corner of Delaware avenue and C street, northwest.

pending, we think the bank will pay a dividend of 20 per cent. more, which will make in the aggregate 50 per cent. of our debt to depositors. That is all that we thought the bank would be able to pay, at our first inspection of its condition, on taking charge of its affairs. Our trouble has been, as all business men know, that we have not been able to sell the property at any time during our administration of affairs, without great loss. We have advertised and advertised, but except at a fearful sacrifice (which we were unwilling to make, keeping in view the best interests of the creditors of the bank) we could not sell in these times of depreciated values in real estate.

By Mr. WITHERS:

Q. Is there not now some evident appreciation in the value of property?—A. Yes; a better feeling in real estate has manifested itself, and recently we have been able to sell some pieces of our property, but we have had to sell at very low figures indeed. Take as an illustration our bank property in Washington. It cost the company $258,000—the bank and the real estate. The lot was purchased at a comparatively low figure, and we think that the ground alone on which the bank stands should sell for half as much as the company paid for the whole property. Of course the building could now be built for less. With all our public advertising of the sale in the papers we have had but one nominal bid of $105,000.

By Mr. GORDON:

Q. That is the bank building in this city, that you are now occupying?—A. Yes, sir.

Q. Does not the government want that building?—A. Yes, sir; the government needs it very much; and three or four bills have passed the Senate for the purchase of it, but somehow we have not been able to interest our friends in the House to get it through.

Q. Does not the government now occupy a large portion of the building?—A. Yes; it occupies all the upper stories—all above the first floor—and has occupied it ever since we have had possession, under a lease originally made with Mr. Williams, Attorney-General, at a rental of $17,000 a year. The lower story—the first floor—is badly wanted by the Court of Claims. It is admirably adapted for its uses. Indeed it is the only building in the city that will exactly suit its purposes. If they leave the Capitol, where the great law library is, they are within reach of the only other great law library in the city, that of the Attorney-General's Office. This would be a great advantage, and meet an actual necessity. Then, the room is an exceedingly fine one. It is sixty by one hundred and ten feet in dimensions, and is in every way suited admirably for a court-room. The spacious vaults and large safes for the deposit of valuable papers and documents, and the ample accommodations for retiring rooms for judges and for the clerks and officers, and for all the records and business of the court, make it at once the most available and satisfactory building for the government needs of any in Washington.

THE TRUSTEES' POWER IN THE TRANSFER.

Mr. PURVIS. Mr. Creswell and gentlemen: It occurs to me that in the statement concerning the bills presented here there was an omission to mention the fact of a conference we had with the trustees of the bank a few months ago, in which the form of a bill was suggested which is not exactly in keeping with the one that has been read here.

Mr. CRESWELL. I have read the two bills.

Mr. PURVIS. Well, not in keeping with either of them. It bears upon the difficulty that has been suggested that might probably grow out of the transfer of the property, as the title seemed to rest with the trustees. The suggestion that we seemed to agree upon was that, in the appointment of any person, commissioner or commissioners, to take our places, it should be done by the Secretary of the Treasury, subject to the approval of the board of trustees, whom I recognize to be the proper custodians of this entire thing.

Mr. CRESWELL. That is embodied in the bill I read—Mr. Bayard's bill as amended.

Mr. PURVIS. I think not.

Mr. GORDON. It reads "a majority of the board of trustees of said company approving."

Mr. PURVIS. Not that bill. I refer to the one that is written—to the one in manuscript. That amended bill, in print, I have never seen before.

Mr. CRESWELL. It is simply a copy of the bill I prepared and presented.

Mr. PURVIS. That change was agreed upon as the result of the conference with the trustees.

Mr. CRESWELL. I have stated the proposition to the committee, as suggested by the conference referred to.

Mr. GARLAND. The bill, presented in manuscript, in its fourth section provides:

> That immediately upon the expiration of said six months, the Secretary of the Treasury is hereby authorized and directed to appoint the Comptroller of the Currency a commissioner, who shall execute a bond to the United States, with good sureties, in the penal sum of twenty thousand dollars, &c.

Mr. PURVIS. That does not provide that the appointment of the commissioner shall be subject to the approval of the trustees.

Mr. CRESWELL. The other bill does that in the second section, and I stated to the committee that that was a matter for the committee to determine—a question of law for them to consider; and it is my opinion that the trustees should be consulted.

Mr. LEIPOLD. There is a difference of opinion as to that—as to whether the trustees have any right in the matter.

Mr. CRESWELL. I stated to the committee that that was a question for them to consider.

Mr. LEIPOLD. The Attorney-General has gone into it, and you will find his printed opinion in the 14th volume of the Attorney-General's Reports.

Mr. CRESWELL. I think you are mistaken as to the exact proposition he had before him in that decision. He passed upon the rights of the trustees to interfere with us, and not as to their authority over our appointment.

Mr. LEIPOLD. The proposition before the board of trustees was simply this: If the Secretary of the Treasury was to be vested with the authority to appoint a commissioner, then it should be subject to the approval of the board of trustees; but if the appointment was to be limited to the appointment of the Comptroller of the Currency as commissioner, that matter was waived. They all seemed to agree that they would be satisfied with that; it was only as to the appointment of an outside person or persons that the board of trustees was to be consulted as to who it should be.

Mr. WITHERS. It seems to me that it is simply a question of the appointment of the Comptroller as commissioner by Congress.

Mr. LEIPOLD. That is all, sir.

Mr. CRESWELL. In case the Comptroller were not appointed, but an outside party——

Mr. PURVIS. To obviate that difficulty, it seemed necessary that this matter of appointing any one to succeed us should go into the hands who gave us existence.

Mr. WITHERS. There is much force in that suggestion. "The power that created alone can unmake."

ACCURACY OF THE ABSTRACT.

By Mr. GARLAND:

Q. I understand, Mr. Creswell, that the abstract you have made and presented here has been gone over by all the commissioners, and that they state, with you, that it is a true abstract of your accounts as commissioners?—A. Yes, sir. The abstract is correct as nearly as we can get at the exact condition of the company's affairs; we believe it to be accurate in every particular.

By Mr. WITHERS:

Q. I suppose that the abstract, so far as it gives the assets and liabilities of the company, is absolutely true, is it not? Your books ought to show the actual fact.—A. Yes, sir. We have to take the books as they are; then we have to correct the books by the personal applications of individuals who come in and demand the balances due them. When they produce their books as evidence of indebtedness, and there is a discrepancy, we have to go into an examination and do the best we can to arrive at the truth. These demands, on error, have made slight variations in our books and this showing from time to time.

Mr. LEIPOLD. You find a constant variation in your liabilities, either a decrease or an increase.

Mr. GARLAND. I understand it. What I wanted to get at as a starting point was that this abstract is the joint work of the three commissioners.

Mr. LEIPOLD. It simply represents what the books show.

Mr. CRESWELL. We all believe the abstract we have presented to be accurate.

Mr. LEIPOLD. You will notice that the schedule of lawsuits gives the particulars of each item, and is a sort of epitome of the whole thing—the parties who owe the money, the nature of the claim, the ledger balance, and in what courts the suits are pending at the present time.

NATURE OF THE LAWSUITS PENDING.

By Mr. CAMERON:

Q. About what number of suits are pending?

Mr. CRESWELL. A.—We have been concerned in over three hundred suits. And in this connection I would like to refer to a matter that has been charged against our conduct of the legal affairs of the company. It has been charged, and complaints have been made in the newspapers, that we have paid very large amounts to our attorneys. Now, we have had a struggle with the attorneys from the beginning. Wherever we have deemed it necessary for us to be represented in court, either as plaintiffs or defendants, we have thought it wisest and best to secure the

services of attorneys that were the most competent and best qualified to conduct the case in our interest; and if the committee will examine the bills for attorneys' fees, they will find that we have gone over these bills very carefully and reduced them wherever we could. Sometimes we have had very sharp wrangles with our own attorneys in reference to these bills, but we have reduced them to the very lowest figures. Some of our suits have been very laborious, and have required the first order of talent at the bar. There are some forty-eight suits now pending in this District, besides a number of suits involving the balances at the branches, which are in the hands of attorneys of the company, for collection. These are in the branches at Memphis, Vicksburgh, Chattanooga, &c., and we cannot very well determine their exact number.

Mr. PURVIS. The committee would like to know the amount involved.

Mr. LEIPOLD. The amount, exclusive of balances, is some $509,000.

By Mr. GARLAND:

Q. Does the four thousand and odd dollars in the hands of Mr. Totten arise from one suit or several?—A. From one suit.

Mr. CAMERON. That amount has been paid over by Mr. Totten to the commissioners.

Mr. LEIPOLD. Mr. Dodge, the defendant, has taken an appeal.

By Mr. GORDON:

Q. What is the character of the indebtedness on which the company is suing?—A. On money loans and securities, particularly real estate.

Q. What is the ground of defense against these suits?—A. Every conceivable ground. In one of the suits, that against Caroline Kaiser, where we have a deed of trust on three houses on Tenth street, between E and F, one defense set up was that she was a married woman at the time of the execution of the deed, and that her husband was insane, &c. The case has gone to the Supreme Court. We have two decisions in our favor in that case in the lower courts.

By Mr. GORDON:

Q. What is the amount involved in that case?—A. A ledger balance of over $17,000.

Q. Did money go into these buildings?—A. Yes, sir; and we are bound to win the suit ultimately.

Q. Let me ask you, Mr. Leipold, a question in reference to the dividends. Mr. Creswell said that you hoped to pay twenty per cent. more, which would make fifty per cent. of the original amount deposited; now, what does the fifty per cent. of loss consist of? Just such debts as you are suing on now?—A. It consists of shrinkage in the value of real estate——

Mr. CRESWELL. And in bad investments, represented in this list of judgments of $170,000.

Mr. LEIPOLD. We have $509,116.80 of debts involved in the suits pending. On that we shall recover comparatively a small percentage, say $175,000. We have obtained judgments to the amount of $170,000.

Mr. PURVIS. And if the government will purchase the Freedman's Bank property, we will be able to pay this twenty per cent. additional dividend.

Mr. LEIPOLD. The collections obtained on these notes and judgments, these uncalled-for balances in our hands, what our properties will sell for, and especially the property on Pennsylvania avenue, for which in making up our estimate of twenty per cent. we considered we ought not to get less than $200,000, these are all included in the estimate by which

we make up the twenty per cent. additional dividend we hope to be able to declare.

Mr. CRESWELL. It takes about $600,000 to make up a dividend of twenty per cent.

THE FIFTH BAPTIST CHURCH LOAN.

By the CHAIRMAN:

Q. In reference to the debt of the Fifth Baptist Church of this city, that I notice in this schedule, what defense do they set up?—A. They are only trying to escape the payment of this debt by an attempt to shift their responsibility, and in view of the fact that the security is not worth more than $3,500, we submitted the proposition to them that if they would raise $7,000 the commissioners would accept that sum in settlement.

The CHAIRMAN. They allege that they did not receive the money; that there was some hocus pocus in the mattter. I merely mention this.

Mr. LEIPOLD. I know that that has been the claim made, that they did not receive the money; but it is their own fault. They had their trustees, elected by the church. These trustees were charged with the erection of this church building. They authorized them to borrow this money. It was loaned to them. Now it is charged that in getting this money these trustees abused their trust and squandered the money. Of that, of course, we can take no account. Our books do not show that; they simply show the debt due us. It was before we, as commissioners, had anything to do with the matter.

By Mr. WITHERS:

Q. How much did they borrow?—A. Some $11,000.

Q. On what security?—A. The church building.

Q. What is the security worth?—A. I do not think the church building could be sold to-day for more than $3,500.

Mr. WITHERS. There must have been some swindling somewhere.

Mr. LEIPOLD. It could not have been built at the time it was built for any such sum, of course.

Mr. CRESWELL. This is a case where we ought to have the authority to compromise and compound our claims, as provided in the bill brought to the committee's attention. And for the reason, in this case, for example, that if we prosecute and attempt to sell under a deed of trust we should be obliged to be in the attitude of selling out the church, and we should not realize more than $3,500; whereas, if we could make a compromise, we would certainly realize more than we could possibly hope to realize from a sale of the building.

I want right here to make a remark, by way of defence. Some complaint has been made that we have been so long about selling our property. The fact is this: We were holders of liens against this property, and of course we could not sell property until we had forced these liens to judgment and had the property offered at public sale. In almost all cases there were few or no bidders at these sales, and we were obliged to buy in the properties. Then, for the first time, we became holders of the properties and could sell. Impediments were immediately thrown in our way. Injunctions were obtained—and they are very easily obtained here in the District—and we have been subjected to delays of two and three years, in some cases, in getting a decree, and have been obliged to come into the courts before we could get the permission to

sell, and then, when we put our property up for sale, there were no bidders. We have offered the property over and over again, and held it hoping to get rid of it on more favorable terms in the interest of the company's creditors. It will thus be seen that the delays we have been subjected to in the sale of the properties have been unavoidable, unless we had submitted to a ruinous sacrifice of the interests and expectations of depositors.

By Mr. GORDON:

Q. Since what date have loans ceased to be made by this institution?—A. Since the closing of the corporation, about June 30, 1874, and the turning of its affairs over to the commissioners. The books of the bank seem to show loans made under date of June 30, 1874, but they were only entries made in fixing up some old accounts. We took charge as commissioners on the 13th of July, 1874, thirteen days after the closing of the bank.

REAL ESTATE ON HAND.

In the schedule we submit of real estate on hand [see Appendix, Schedule D], we have crossed out* a number of properties that were disposed of at public sale a few months ago, and the prices at which they were sold are marked in the margin, as well as their assessed values, so that the committee may judge for themselves concerning the prices paid for the property we sold. Here, for instance [indicating on the schedule], is a piece of property that is assessed at $2,400. We sold it for $1,500. The claim of the bank was really much greater than the assessed value.

SPECIAL DEPOSIT CLAIMS.

Mr. CRESWELL. There are two other points I would like to explain here. One is the claim made for special deposits. These were made under the eighth section of the original act of June 20, 1874. They attempted to manage the concern for nearly a month after that, and these deposits were placed with the bank and made "special." Section 8 provides as follows:

SEC. 8. That from and after the passage of this act, and until the first day of July, eighteen hundred and seventy-five, all the deposits made in said Trust Company shall be held by the trustees of said company as special deposits, and any investments made of said deposits shall be made and held for the use and benefit of said depositors only; and it shall be the duty of said trustees, on or before the first day of July, eighteen hundred and seventy-five, to make a full and complete statement of all the assets and liabilities of said company, and lay the same before the Secretary of the Treasury. And if said Secretary and the trustees shall at that time, after investigating the condition of said company, believe the same to be solvent, then the trustees and said Secretary shall issue an order declaring that thereafter all deposits shall be general; but said order shall in no wise affect the special deposits, unless said depositors shall in writing consent that said special deposits shall become general deposits. But if the Secretary and trustees of said company shall on the first day of July, eighteen hundred and seventy-five, after the examination aforesaid, doubt the propriety of making the deposits thereafter general, then the deposits made shall still be special until the first day of July, eighteen hundred and seventy-six, or until the said Secretary and trustees deem it prudent to make said deposits general.

Now, when we took possession of affairs, we found quite a number of these special deposits. They were made special by the provisions of this act, and we were obliged to pay them first. Then, again, the committee will find that we have claimed a credit here for cash advances——

* In the printed schedule, in Appendix, the properties sold are not "crossed out," but indicated sufficiently by the prices at which they were sold, as set opposite to them on the margin.

Mr. LEIPOLD. This act required that money should be set apart for the purpose of paying these special deposits; but as all the money had been absorbed, and not a cent was there, we had to resort to the cash coming into our hands to pay them.

By Mr. WITHERS:

Q. These were special deposits not put on your general ledger as cash in hand?

Mr. LEIPOLD. A. Yes, sir; not put upon our books as cash; the law required them to be kept separate.

Mr. CRESWELL. Then, you will find in our cash statement submitted a credit made for cash specially expended. That was to release certain property of the bank, certain stocks, &c., which were filed—one in this city, one in Boston, and one or two elsewhere—as collateral security for loans made to the bank before its failure. They used every possible effort to keep going and pay the depositors who made their demands upon them; and to obtain possession of these collaterals, we were obliged to obtain these loans. We did that to lift these loans; there was no other way of getting them.

[The chairman submitting to Mr. Leipold's inspection a bound volume of reports and accompanying papers on the Freedman's Bank matter, Mr. Leipold replied to a question.]

A. I think that that volume contains nearly all the reports that we have ever made as commissioners. I believe that all the principal reports are here in this volume, and I find one here that I did not think had been printed. One or two are not here that we were called upon to make for the use of Mr. Douglas's committee.

By Mr. GARLAND:

Q. Are these all the printed reports that were made by you?—A. I find that the main ones are there. That of March 19, 1878, containing a résumé of the whole matter, is there. I believe that only two reports are not in that volume. I was mistaken in saying previously that this report of March 19 was not printed. I was not aware that it had been printed.

Mr. CRESWELL. By way of anticipation, I would like to say a word here, with the permission of the committee. It is very likely that you will have persons come before you who will complain that they have been harshly dealt with by the commissioners. Now, in all these cases you will do us the justice to believe that there are two sides, and we wish respectfully to ask the committee that if they hear the statements on the one side they will hear ours also.

The CHAIRMAN and other members of the committee: Oh! certainly.

STATEMENT OF EXPENDITURES.

Mr. LEIPOLD (producing Schedules E and F). This is a statement representing our expenditures as commissioners, exclusive of the agencies.

Mr. CRESWELL. We have kept our books so as to show the worst statement against ourselves, on their face. That is to say, that where we have made collections, at a distance, for instance, we have charged ourselves with the total amount collected, without deducting the amount of the attorney's commission, which in another entry we have placed to our credit. So that, if we had a claim of $1,000 to be collected and the attorney's fee was five per cent. for collection, we have charged ourselves with the whole $1,000 and made a credit in another place of the

$50 for attorney's fees. This makes our expenditures show larger than they really are; but only in that way could the books be accurately kept. We could not charge ourselves only with that which we received,—the $950,—for that would not have shown the whole of the transaction. And in this way you will find that every transaction in our books will show for itself in its entirety.

Mr. LEIPOLD. Then, too, some of the heaviest items of expenses, those incident to the maintenance of properties, insurance, repairs, fuel, gas, &c., amounting to over $40,000, and taxes and arrearages of taxes, amounting to $78,000, during the years of our administration, show heavily as against the expense account, while a proper set-off in the rents received from these properties does not so conspicuously appear. We have collected in rents alone some $121,000, which go in to swell the aggregate amounts of receipts of the corporation. The expenses incident to loans, insurance, advertising, auctioneers' fees, expenses of foreclosure, &c., have amounted to over $28,000, but a great many of these items of expense have been reimbursed to us; the insurance premiums, taxes, advertising, and other expenses advanced by the bank would on the settlement of the loans be reimbursed, and they would be entered in the column of receipts. In this way the statements present the worst showing for ourselves.

Mr. GORDON. I see in the second item you have here, "Salaries of agents," that in 1875 it amounted to $17,000, and in the following year to only $9,000-odd. I presume that these were agents who collected the books and attended to the interests of the company at the various branches?

Mr. LEIPOLD. That increased item in 1875 over 1876 is due mainly to the large number of clerks and others required for the disbursement of the first dividend of twenty per cent. An extra force had to be employed in the disbursing of the dividends to so many depositors.

Mr. CRESWELL. And this is to be said, too: When we took possession we found thirty-five branches in various cities of the country. The first thing we did was to call in all the books and papers and close up each one of these branches; but to do that we had to leave a cashier and a competent clerk at each branch in possession of the records, to call in the pass-books, and as agents to attend to the necessary duties daily to be performed in connection with a safe transfer of the business to the parent office. They had to be paid, and although the salary was but nominal in most cases, yet the aggregate made our expenses for the first year very large. It took several months in some of the branches to get these books and papers in our possession. Consolidating the business here in the principal office, we had these books and papers and records sent to us, and to make the transfer necessarily involved considerable expense. It must be borne in mind that our work has not been the simple closing up of the original bank; we have had just as much labor and trouble as the receivers of thirty-five different banks would have, each one of which was in a different place, and conducted on its own plans and by its own methods. Each one of these branches has been a separate bank of itself.

Mr. LEIPOLD. Speaking of the suits for collection pending in the Supreme Court of the United States, I may say that a number of them will be reached at its next term the coming winter. Some of them will not be reached even then.

Mr. CRESWELL. We have eight or nine cases in the Supreme Court.

Mr. LEIPOLD. Nine.

Mr. GARLAND. Supposing these suits could be disposed of in the next three years, how long would it require to wind up the institution?

Mr. CRESWELL. I am glad you have asked me that question. If we were to remain in possession three years, there would still be something to do and something to hand over to our successors. There would be these judgments—some of them may be realized upon six or eight or ten years hence. Then there may be some pieces of property remaining unsold. And, then, these books and records should go into the hands of some officer, and should be placed where easy access could be had to them, and where all the vouchers, &c., stacks of which we have, could be kept without risk of being destroyed, as they are the only evidence we have of our disbursements.

Mr. LEIPOLD. There are also quite a number of these suits still pending in the lower courts of the District that will ultimately go to the Supreme Court of the United States, and there is no telling how long it will be before they will be reached.

PRACTICAL EFFECTS OF THE PROPOSED TRANSFER.

By Mr. GORDON:

Q. Now let me ask one or two questions as to the practical working of this institution under the proposed transfer. The salaries of the commissioners are now $9,000. The salaries of the agents are from $5,000 to $7,000 and $9,000. They were $7,000 last year. Would these agents still be required? Are they necessary now, or is there not a sort of standstill, making it unnecessary and needlessly expensive to keep these agents?—A. The main item of expense is for clerical hire at the time of paying the dividends. We have, also, in the bank two clerks and a messenger. It is my judgment, if the transfer is effected, that one person, some competent business man, with the supervision of the Comptroller of the Currency, if you please, could do all that would be necessary to be done in the way of clerical service, except at the time of paying a dividend.

Q. That will not occur very soon?—A. Not very soon nor often.

Mr. CRESWELL. If Congress should authorize the committee to buy this property, we could probably soon make another dividend.

Mr. LEIPOLD. Of course there would be attorney's fees. The Comptroller of the Currency could not be expected to be in the courts prosecuting these suits himself.

Mr. CRESWELL. Then we should have to have an agent, also, to look after the interests of the distant creditors.

Mr. LEIPOLD. I think that ought to be done away with.

Q. How many agents are there, in all?—A. There are agents at only two of the branches now. There were thirty-three originally. These agents are at Beaufort, South Carolina, and Nashville, Tennessee. We pay but $25 a month at Beaufort and $10 per month at Nashville.

REAL ESTATE PROPERTY OUTSIDE OF THE DISTRICT OF COLUMBIA.

By the CHAIRMAN:

Q. You now rent your Jacksonville property, do you not?—A. Yes.

Q. You have no agent there, and are under no expense at that place, I believe?—A. No, sir; we have no agent there; the property is placed in charge of a savings-bank or real-estate agent, who collects the rent and receives a five per cent. commission.

Mr. CRESWELL. The real-estate agent there is Greeley & Co.

Mr. LEIPOLD. It occurs to me that the property at these branches ought to be sold at public sale. At Nashville we have been running behind a thousand dollars every year for two or three years, the expenses for taxes, insurance, &c., at that bank exceeding the income from rents over a thousand dollars every year.

Mr. GORDON. That is bad, very bad.

Mr. LEIPOLD. The trouble is the property stands on the books of the company at $28,000, and I doubt very much whether it could be sold for $6,000.

By Mr. GORDON:

Q. Well, it would be better to sell it for $6,000, if that is all it can be sold for, than to have the taxes eating up its value, would it not?—A. That is my view of it. I think the branches should all be done away with.

Q. Where else have you property under the care of the two agents you are paying; I mean outside of this agency?—A. Well, we have the building at Jacksonville, Florida; and at Vicksburg, in Mississippi, we have a building which produces nothing.

Q. Do you not have to pay taxes on that?—A. Yes, sir; and we derive no income.

Q. [Turning to the Chairman.] Do you know anything about the building at Vicksburg, Mr. Bruce?

The CHAIRMAN. I have not seen it.

Mr. LEIPOLD (resuming). We have at Memphis a vacant lot; we have also a worthless property at Chattanooga, that is all covered with liens and taxes; and at Atlanta, Georgia, and Norfolk, Virginia.

Mr. CRESWELL. Here is a list of the property we have. [See Schedule D, Appendix.]

Mr. LEIPOLD. It is my judgment that if the Comptroller of the Currency or some other officer of the government is placed in charge at a salary as indicated by the bill of $1,000 a year for the additional labor imposed, with a competent clerk under him at a limited salary, it would be the best arrangement that could be effected. Still, that is a matter for the committee to decide. Of course there would be no messenger necessary, because it would be done in the Comptroller's office, and the same messenger that takes care of the rooms for the other clerks could take care of this one also.

By Mr. GARLAND:

Q. And the matter of an attorney, why could not that be put upon the Solicitor of the Treasury, as a part of his duty?—A. I think it could. It would be better for the branches at any rate. We have had a great deal of trouble there. In many cases the fees at the branches have been equal to the amounts the attorneys have recovered.

By the CHAIRMAN:

Q. You can control your attorneys in the District much better?—A. O, yes, sir.

PROPERTY IN THE DISTRICT OF COLUMBIA.

By Mr. GORDON (consulting Schedule D):

Q. This whole printed list is of properties in this city and District, and the written part [the last nine lines, as printed in the schedule in

Appendix] is of the outside properties?—A. Yes, sir. The leading property, as you see, is in this city.

Mr. PURVIS. The commissioners have been very desirous of selling the property at Jacksonville to the government. The government needs it. It is paying something to us—is not a matter of expense to us—and it would be exceedingly unfortunate to have a forced sale of that valuable property.

Mr. LEIPOLD. We do not think the government could build such a building at a cost under one hundred thousand dollars.

Mr. CRESWELL. This property of the Freedman's Bank in the District is a large and valuable property. It has a front of 180 feet on the avenue.

By Mr. GORDON:

Q. What is the whole property worth now?—A. It ought to be worth four or five dollars a foot.

Mr. PURVIS. O, more than that.

Mr. LEIPOLD. I consulted Mr. Riggs about it, and he thinks it ought to be worth eight dollars a foot. He would not sell his property, adjoining it, for less than that. He thought that would be a fair valuation for it. We made an effort once or twice to have the assessment reduced. The present assessment is $170,000. It is a beautifully located property, and there is a large alley in the rear, a sixteen-foot alley. It extends one hundred and thirty-six feet opposite Lafayette Square, and one hundred and eighty-odd feet on Pennsylvania avenue. The bank building has a front of sixty feet, but the lot owned by the company extends to the corner opposite Lafayette Square.

By the CHAIRMAN:

Q. You made a suggestion as to the government purchasing the Jacksonville property. Does the government need that property?—A. Yes; for a post-office and custom-house.

Mr. PURVIS. They need it badly. The present government building is a dilapidated one; and they need this property very much.

By the CHAIRMAN:

Q. And this building is just suited for it, you think?—A. Exactly suited for it; the location is certainly one of the very best.

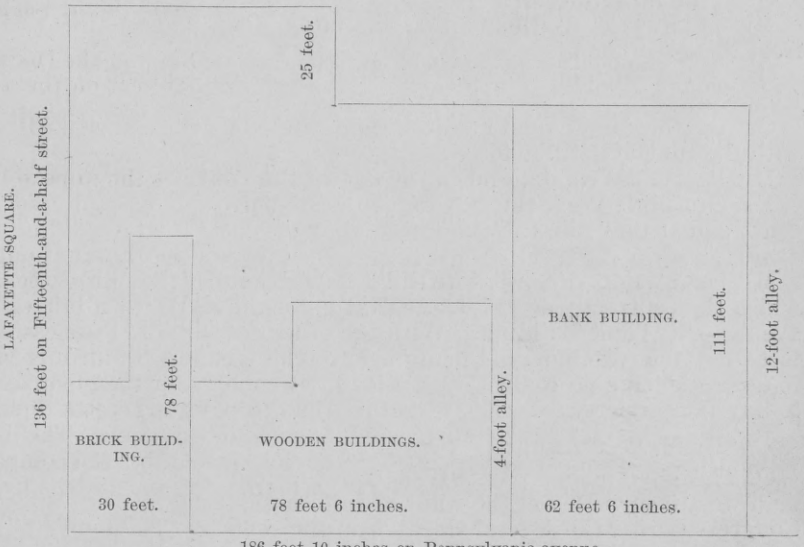
Mr. CRESWELL. Reverting to the Washington property, it is certainly a superb property in every respect.

Mr. LEIPOLD. As to this property, in 1875 a bill was passed in the Senate providing for its purchase at $325,000. It was also attached to an appropriation bill in the House, and it passed the House; but in the Senate the provisions of the bill were a little different. The Senate bill provided for an issue of four per cent. bonds, and the sale of them, for the purchase of the property. It went to a conference committee and was defeated there.

DIAGRAM OF THE FREEDMAN'S BANK PROPERTY.

Mr. CRESWELL. [Drawing a diagram and exhibiting it to the committee.] This will give some idea of the location of the property:

DIAGRAM OF FREEDMAN'S BANK PROPERTY, CORNER PENNSYLVANIA AVENUE AND FIFTEENTH-AND-A-HALF STREET, WASHINGTON, D. C.



Mr. LEIPOLD. There is room here on the Lafayette Square front for the construction of several fine buildings.

Mr. CRESWELL. Yes; and there are some wooden shanties between the corner and the bank—some three or four.

Mr. GORDON. It is, indeed, a superb property; I did not know that the company owned clear to the corner.

Mr. CRESWELL. We have had numerous applications to buy the corner lot, but would not sell that alone, because it is the key to the whole property. We were offered $50,000 for the corner at one time.

Mr. PURVIS. And we were offered $250,000 at one time for the entire lot.

Mr. LEIPOLD. But it is doubtful whether that was a *bona fide* offer. We consulted the Secretary of the Treasury about it, as there were propositions before both houses of Congress to purchase it, and Mr. Bristow advised us not to sell it at that price, for the reason that the government wanted it and would undoubtedly purchase it.

Mr. CRESWELL. We also consulted the present Secretaryof the Treasury, Mr. Sherman, and he advised us by no means to take less than $225,000 for it. Then at public sale, during the recess of Congress, and at private sale, we offered it, but had no *bona fide* bidder at all. We have all along tried to obtain the advice of the Secretary of the Treasury, and to interest and implicate him, so far as we could, in whatever judgment and discretion we were called upon to exercise in the disposition of the property.

Mr. LEIPOLD. The government has leased a part of the bank-building at an annual rental of $17,000, of which rental however, Congress has only given us, the last four years, $14,000 a year, and this last year

appropriated only $10,000 for the purpose. We have brought a suit in the Court of Claims to recover the arrearages of rent due us.

By Mr. WITHERS:

Q. Was it a contract lease to the government at that rate—$17,000 a year?—A. Yes, sir.

Q. Extending how many years?—A. From year to year.

Q. Without limitation?

Mr. CRESWELL. Without other limitation than upon notice received from the government.

Q. And no such notice has been given by the government?—A. None whatever.

Q. And the government has only appropriated for the last year $10,000, with the contract still in force?

Mr. PURVIS. Yes, sir; and in the face of the contract they broke it.

Mr. GORDON. Well, the government can borrow money at four per cent., and at that rate they had better pay $300,000 for the building and own it?

Mr. CRESWELL. Yes, sir; we think so. They rent the four stories, for which the contract was $17,000. That is for the sixty feet front on the avenue—the bank building. With the other one hundred and twenty feet front, the remainder of the property on the avenue, they have nothing to do. We have no doubt that it would be economy for the government to buy the property for $300,000 rather than to pay the rent they do.

By Mr. WITHERS:

Q. The government pays $17,000 for the four stories?—A. Yes, sir. And we are surprised at the want of information shown by members of Congress during the several debates on the matter. They have forgotten that in addition to furnishing the room, there is the heating of the building, the engineer's and fireman's salary, the repairs, the taxes, the insurance, &c., which we have to pay; it really costs $10,000 a year to keep up that property. They do not take that into consideration. We were not before Congress to speak for ourselves, but we went to members and tried to get them to make counter statements.

Mr. PURVIS. It has been stated, in the debate, that the government was paying $17,000 for the use of four rooms. The fact is that the four stories are four plats each 60 by 110 feet, not four rooms only. There are thirty-six rooms in all.

The committee adjourned to meet on the following Tuesday, May 27, at 10 o'clock a. m.

COMMITTEE ROOM OF SENATE SELECT COMMITTEE
ON THE FREEDMAN'S BANK,
Washington, D. C., May 27, 1879.

Committee met at 10.30 a. m. Present, Messrs. Bruce (chairman), Garland, Withers, and Cameron.

J. W. ALVORD called.

J. W. ALVORD, FIRST PRESIDENT OF THE COMPANY.

By Mr. GARLAND:

Question. Mr. Alvord, we want to ask you a few questions, not for the purpose of going into an examination at present, but a few questions

preliminary. You were connected with this institution called the Freedman's Savings and Trust Company, were you not?—Answer. Yes, sir.

Q. Were you connected with it from the beginning?—A. Yes, sir.

Q. When did your connection with it cease?—A. Well, I am still a trustee.

Q. Yes; you went out of it, then, when it was placed in the hands of the commissioners?—A. I went out when Mr. Douglass came in.

Q. About what time was that?—A. I can refer to it, if you want the exact date.

Q. Has it been two years, or something like that?—A. I will tell you exactly [referring to memoranda]; my memory is not very good. [Still referring to memoranda.] It was January 9, 1868.

Q. 1868?

Mr. PURVIS. No, no.

Mr. WITHERS. It must have been subsequent to that.

The CHAIRMAN. You must have resigned in 1874.

Mr. PURVIS. It was the winter of 1874.

Mr. ALVORD. Well, I have it down here somewhere. My recollection is not good as to the date. I went out about the time that Mr. Douglass was elected.

Mr. PURVIS. Will you allow me to remind you, Mr. Alvord, that that was three months before the appointment of commissioners? Mr. Douglass was not president over three months, and that was in 1874.

Mr. GARLAND. Well, that is near enough for my present purpose. Up to that time you had been intimately connected in the management of the business, had you not?—A. Yes, sir.

Q. Have you had anything to do with it since then?—A. No, sir.

Q. Have you looked over the abstract of accounts furnished by the commissioners recently to this committee?—A. No, sir.

Q. You have not seen them at all?—A. No, sir.

MR. ALVORD TEMPORARILY EXCUSED AS WITNESS.

Q. Where do you expect to be this summer?—A. Well, sir, I am on my way now to Colorado.

Q. The purpose of asking that question is to see how and where your testimony might be had during the recess of Congress and before next fall and winter. Do you expect to be back here?—A. I expect to be traveling, sir. I am loosed from all things here, and am going to see my children in Colorado, and to visit other places.

Q. You do not know, then, that you will be back here at all?—A. No, sir. I want to see the whole country.

By Mr. WITHERS:

Q. You have, then, a knowledge of all the transactions of the institution from the time of its inauguration until 1874—a personal knowledge, have you not?—A. Not of all its transactions.

Q. You were the head of the establishment, were you not?—A. I was the president of it; not all of that time; but I was connected with it, and can tell you how it commenced and all about it, I suppose. I can tell you why it commenced.

By Mr. GARLAND:

Q. Could you not indicate to us now where you will be in the summer and fall, so that we may get your testimony? We want to interrogate you on a good many points.—A. Well, sir, I have been packed up to go

for some three weeks; was packed up and ready to start the next morning after your sergeant summoned me as a witness.

By Mr. WITHERS:

Q. You have only delayed here awaiting this investigation?—A. That is all.

Q. You have no knowledge that you will be able to return here, or that your business will call you back here during the current year, say next winter?—A. I think I shall be back here next winter. I have closed up my business here, sold my place, put all my affairs in the hands of an attorney, and paid all my debts.

The CHAIRMAN. The committee do not desire to give you any unnecessary delay or trouble; at the same time, they desired to avoid the expense of sending for you and bringing you back from Colorado or from some other remote place, at such time as they may be ready to examine you. They are not now ready to go into your examination.

Mr. ALVORD. I should be very happy to answer all questions now, but my plans are made for the summer. I am really leaving Washington to dwell among my children, one of whom is in Chicago, and two of whom are in Colorado; and to visit friends in Connecticut and Boston; to spend the summer in Colorado is rather the plan—is really our plan, I will say, and our winter perhaps in Washington. But we have no times and seasons. We have no business that calls us; we go as we choose and where we choose. I have arranged it so that at my time of life, in my seventy-third year, I can have that sort of liberty. I want to see Colorado very much. I have been there once, and my two sons are there in business, and I want to go and look after them. They want some means, and I have told them to wait till the old gentleman (meaning myself) came. They want money, but I tell them to hold on; that old folks are more level-headed than young folks. They want to go to Leadville, and I hold them until I can get out there to them.

Mr. GARLAND. Your testimony will be valuable to us, Mr. Alvord; and while we are not prepared to take it now, we shall want it further on in the investigation.

The CHAIRMAN. We will try to find you when we want you. Possibly you will be here in the winter. If not we will try to find you. We should like to have your testimony.

Mr. ALVORD. Well, I will tell you the truth at any rate.

The CHAIRMAN:

Q. Can you indicate where you will be, that we may address you, if necessary, during the summer?—A. You may address me, if you please, at Ravenswood, Ill., care of John A. Cole; or at Denver, Col., care of Samuel Alvord; or care of John W. Alvord, jr., care of Brainerd's Hotel, at Boulder, Colorado.

The committee adjourned to meet at the call of the chairman.

COMMITTEE-ROOM OF SENATE SELECT
COMMITTEE ON THE FREEDMAN'S BANK,
Washington, D. C., December 11, 1879.

The Select Committee of the Senate on the Freedman's Savings and Trust Company met this day in the committee-room of the Senate Committee on Manufactures, at 10 o'clock a. m. Present, Messrs. B. K. Bruce (chairman), Angus Cameron, and A. H. Garland.

The committee experts engaged in examining the accounts of the Freedman's Bank submitted a report of the loan account of the Washington branch, and it was agreed that the report be handed to the members of the committee severally for examination.

Adjourned to meet at the call of the chairman.

COMMITTEE-ROOM OF SENATE SELECT
COMMITTEE ON THE FREEDMAN'S BANK,
Washington, D. C., December 24, 1879.

The Select Committee of the Senate on the Freedman's Savings and Trust Company met this day in the committee-room of the Senate Committee on Manufactures, at 10.30 o'clock a. m. Present, Messrs. B. K. Bruce (chairman) and A. H. Garland.

Adjourned to meet after the holiday recess at the call of the chairman.

COMMITTEE-ROOM OF SENATE SELECT
COMMITTEE ON THE FREEDMAN'S BANK,
Washington, D. C., January 8, 1880.

The Senate Select Committee on the Freedman's Savings and Trust Committee met this day in the committee-room of the Senate Committee on Manufactures, at 10.30 o'clock a. m. Present, Messrs. B. K. Bruce (chairman), Angus Cameron, A. H. Garland, and R. E. Withers.

A verbel report was submitted by the experts employed in the examination of the accounts, and the committee deliberated upon the course to be pursued in the further investigation.

Adjourned to meet January 10, 1880.

COMMITTEE ROOM OF SENATE SELECT COMMITTEE
ON THE FREEDMAN'S BANK,
Washington, D. C., January 10, 1880.

The Select Committee of the Senate on The Freedman's Savings and Trust Company met this day in the committee-room of the Senate Committee on Manufactures, at 10 o'clock a. m. Present, Messrs. B. K. Bruce (chairman), Angus Cameron, J. B. Gordon, A. H. Garland and R. E. Withers..

THE COMMISSIONERS EXAMINED.

Messrs. John A. J. Creswell, R. H. T. Leipold, and Robert Purvis, commissioners of the Freedman's Savings and Trust Company, appeared as witnesses at the call of the committee.

THE TESTIMONY.

By the CHAIRMAN:

The committee are familiar with the general plan of your operations, as commissioners, in adjusting the affairs of the Freedman's Bank,

from your first report of December 14, 1874, and subsequent reports, but there are some points on which we desire to have explanation, and we shall be glad to have such explanation in answer to a few questions we shall put to you.

Mr. CRESWELL. I have not the details of these reports in mind.

By the CHAIRMAN:

Let me ask, Mr. Creswell, whether you have acted jointly and together in the performance of your duties as commissioners, or whether you have assigned different portions of the work to different members of your commission?

RELATIVE DISTRIBUTION OF THE COMMISSIONERS' LABORS.

Mr. CRESWELL. I do not know that there has been any formal assignment of duties to one or the other of the commissioners. Mr. Leipold has had the charge, mainly, of the adjustment of the accounts, of the paying of the dividends, and of the receipt of the moneys, and has given the affairs of the bank more attention in that way than either of the other commissioners. We have always supervised the transactions of the bank, and have all been consulted in each part of the proceedings, especially when there was a necessity for the exercise of any discretion. Mr. Purvis and myself have signed the checks for the several dividends, and Mr. Leipold has mainly supervised the payment of these checks, and the adjustment of the pass-books of the depositors.

By the CHAIRMAN:

In making up your report of December 14, which we have before us, who acted in a subordinate capacity in making up the detailed statistical parts of that report?

Mr. CRESWELL. Which of the commissioners prepared the details of that report, do you mean?

The CHAIRMAN. No; which of the subordinates employed by you? I hardly supposed that the commissioners did that work alone.

Mr. CRESWELL. You speak of the report of December 14, 1879?

The CHAIRMAN. No, of December 14, 1874; your first statistical report to the committee after you were put in charge of the affairs of the institution.

Mr. CRESWELL. That was made by several bookkeepers and examiners. I cannot now recall their names. There were a good many of them, and I have forgotten their names, because they have not been in the employ of the company for two or three years. We began to dismiss them just as rapidly as we could dispense with them. The report was made up by the bookkeepers and examiners who were then in charge.

The CHAIRMAN. That is what I wished to get at, and also if this statistical report was not made up by subordinates who sustained a relation to the bank prior to your taking charge?

Mr. CRESWELL. Yes; some of them were retained by us because of their familiarity with the books and methods of business of the bank. Of course, in making up these detailed statements, and examining an immense number of books, we had to rely very much on the men detailed by the commissioners to do that work.

The CHAIRMAN. Well, have you examined and verified for yourselves,

in detail, the report which you submitted December 14, 1874, on the books which were turned over to your care?

Mr. CRESWELL. We gave the report a general examination, and I think Mr. Leipold, in all probability, himself gave an examination of some of the details of the report. So far as we could generally, we looked into it and ascertained its correctness. We have never, of course, examined all the books in detail. That would have been an endless work, which three of us could never have accomplished. We took every precaution we could take in the preparation of the report to insure its correctness, just as any officers in charge of such a trust would do

AVAILABLE FUND LOANS AND REAL ESTATE LOANS.

By the CHAIRMAN:

In your report you give a list of "real estate loans at principal office," and "a list of available fund loans at principal office." That is to say, you classify some loans as real estate loans, and some as available fund loans. I want to get at the difference between available fund loans and real estate loans, for the reason that I find real estate loans included under both these heads—under the head of available fund loans and also under the head of real estate loans?

Mr. CRESWELL. "Available fund loans," as that phrase was originally employed, meant very much what I suppose a "call loan" would be in a bank. They were loans made temporarily, and subject to the call of the trustees of the concern in case of contingencies—funds that they could call for on short notice. But we found when we came into possession of the bank affairs that the "available fund loans" were as unavailable as any loans of the bank, and that they realized very badly in the general result.

By the CHAIRMAN:

I observe in the report that some real estate loans are classed both under the head of real-estate loans and available-fund loans, and I want to get at the distinction.

Mr. CRESWELL. The terms designated the original distinction in the classes of loans, but that distinction was lost sight of to a very great extent. You know that in banking a bank will sometimes lend a portion of its capital on what are called "call loans," collaterals, &c.—first-class securities—subject to "call," generally a call of one day. If the borrowers call before twelve o'clock, they may expect the payment of the loan that day. If they do not call by twelve o'clock, they may not expect it after that hour. As a rule, the party has until twelve o'clock on a given day in which to make the loan good. I always supposed that "available funds" were treated in the same way—that they were funds which were called in on short notice, to be ready for any emergency. But as I said, in the affairs of the bank that distinction was lost sight of, and these "available funds" became unavailable to a very large extent from the manner in which they were used. I suppose that at the time when the bank was in a strait these loans were sifted over, and those that were first-class that could be called in were called in, and the proceeds used in paying off the demands on the bank, and thus the worst of these were left on hand.

BEAUFORT BRANCH—COUNTY CERTIFICATES.

By the CHAIRMAN:

On page 40 of your report, as printed, under the head of "Loans at Beaufort Branch, South Carolina," I find the item—

Mar. 18, 1872. County certificates. $10,994.32.

I would be glad if you will explain what is meant by that. Without an explanation we are at a loss to determine exactly what the character of the loan is.

Mr. CRESWELL. "County certificates," as I understand it, were certificates of the county that were purchased by that branch. You will observe that they are itemized as "witness," "jury," "constable," "auditors," "miscellaneous," and "judgment against county."

The CHAIRMAN. The Beaufort Branch, then, purchased these county certificates, and you have them now on hand?

Mr. CRESWELL. Some few of them were realized upon; most of them were retained. I think you will find some also against the State. We made quite an effort in South Carolina to secure these claims, but the legislature appointed a board to revise them, and we had to employ counsel to go before the board. We have been in almost every case unsuccessful in making anything whatever out of them.

LETTERS OF COMPLAINT CONCERNING THE BEAUFORT BRANCH.

By the CHAIRMAN:

Referring to this Beaufort branch, I may say that letters have been received concerning the management of its affairs, upon which you may be able to give us some information or explanation.

Mr. CRESWELL. Well, the management of that bank was not a very successful one for the depositors. There was a heavy loss there—quite a heavy loss. Some of the investments there proved to be quite indifferent—and among them some of these very county certificates and State certificates. How they were purchased I am not able to say—under what circumstances or by what arrangement of parties.

By Mr. WITHERS:

Q. At the time these assets were purchased, or came into possession of the bank there, was any report made to the commissioners, indicating the manner and cause of the investments being made?—A. These were all made before the commissioners were appointed.

Q. Yes; but when the commissioners were appointed, was any explanation ever given by the officers and managers of the bank as to the manner and cause of the making of these investments?—A. Yes; we have reports from those in charge of the bank. All the sub-banks were required to make reports to the commissioners here. They were required to make a final statement and to close up the several branches as rapidly as possible, and this report is a summary of the statements as they came to us from the banks. They reported to us as having these assets.

Q. The securities, then, are in your possession, but you know nothing further as to the *quo modo* by which they were procured?—A. No, sir.

[The attention of witness being called to one of the letters alluded

to by the chairman concerning the management of the Beaufort branch, witness, after reading, replied]:

COMMISSIONERS' REPLY TO COMPLAINTS.

It is an intimation that the commissioners were acting in collusion with the ex-cashier of that branch. That intimation, or imputation, I repel as utterly false in every particular. We have done the very best we could in the disposition of that property. We made every effort to sell it to the best advantage. We offered it publicly and privately, and sold it only upon terms that we believed were the very best that could be obtained after every effort we could make. We availed ourselves of the services of the only people there we could find who would render any service, and, as we supposed, the best people that could be procured for that work.

By Mr. GARLAND:

Q. Had you heard any intimation of that sort before?—A. No, sir; I had not.

Mr. PURVIS. Yes, we had.

Mr. CRESWELL. Perhaps I had, but I have forgotten it; perhaps I had.

Mr. LEIPOLD. Yes; we received some such intimations from that branch.

Mr. CRESWELL. Well, I say that there is not a single word of truth in any such imputations on the commissioners or any of them. We made the very best disposition of the bank's assets that we could.

Q. The default or trouble complained of in that branch was before the commissioners came in, was it not?

Mr. CRESWELL. Yes, sir. We found certain property in the custody of the bank, and made every effort to realize upon it. The Sea Island property Mr. Purvis went down himself to see, at the instance of the commissioners, and made a personal examination of it, reporting to us what disposition we should make of it, after he had carefully inspected the whole matter. He found the property very greatly depreciated in condition and value, and that no one was disposed to buy it. Finally, after it had been a source of expense to us for several years, we having obtained but a small rental for it, and the expenses in taxes and repairs being a continued drain, we sold it on the very best terms we could get for it.

Mr. PURVIS. I think it is the bank property that is referred to in the letter.

Mr. CRESWELL. The bank, as well as the Sea Island Hotel and other properties. The letter charges that in the transaction there was a loss of about $20,000 to the bank.

Mr. PURVIS. Worse than that.

Mr. CRESWELL. I believe Mr. Small writes the letter. I have not met that individual.

Mr. LEIPOLD. We had a number of letters from Mr. Small which are on file in our office, as also our replies to him.

Q. Had the commissioners many applications to dispose of that property or any of it?

Mr. CRESWELL. I do not remember that we had any purchasers for it.

Mr. LEIPOLD. Concerning the Sea-Island Hotel property we had some correspondence.

Mr. CRESWELL. We are perfectly willing to lay all that correspondence, from beginning to end, before the committee that they may see precisely how we acted, and upon what motives.

Q. Well, so far as you recollect the propositions, what were they—any of them, if you can recall them?

Mr. CRESWELL. I cannot now recall them. They were many. We refer to the correspondence. We could not pretend to give a statement of them, as we did not charge our memory with them.

Mr. GARLAND. We should like to have them when you appear before the committee again.

Q. There are two pieces of property in question, do you put them together when you speak of the correspondence?—A. No, sir. I speak now of the Sea-Island Hotel property. There were the banking-house and the Sea-Island Hotel.

Mr. PURVIS. If I may be allowed to make a suggestion, I would say here that until proof is given to show—if we can discover it—what animated Mr. Small in his criticisms of the commissioners, we are entitled to the claim that we did the very best that could possibly have been done to realize on the property, after a general advertisement of it, and great effort on the part of the commissioners to sell this and all the other properties to the very best advantage.

Mr. LEIPOLD. Mr. Small, being a member of Congress at the time, wrote a letter to the commissioners about the sale of that banking house, in which he stated that the price was very small, and objected to the sale. That was after the sale had been made. I sent a copy of the letter to Mr. Lockwood, who was the purchaser, and Mr. Lockwood expressed himself freely about the whole matter, and finally said that he had made considerable improvements on the property since he had bought it, but that he was perfectly willing to turn it over to Mr. Small at the price paid for it; and I heard no more about the matter.

Mr. PURVIS. And that was in the face of the statement that Mr. Small had made concerning the small price the bank had received, and that a much larger sum could have been realized from a party from whom we afterwards obtained information that they declined to buy.

Mr. LEIPOLD. And we also received advices from that party saying that he had never made any such statement.

By Mr. WITHERS:

Q. What did that particular property sell for?—A. For $3,000; and it was sold for $1,300 more than it cost.

Q. Do you mean $1,300 more than it cost to the bank?—A. Yes, sir; it was a small, a very small piece of property.

Mr. WITHERS. There could not then have been any great cause of trouble in that transaction.

Mr. CRESWELL. The difficulty was to sell property in some Southern cities, at any price. At Memphis and Jacksonville the trouble was to get any price offered.

OFFERS MADE FOR THE JACKSONVILLE PROPERTY.

By Mr. WITHERS:

Q. Was not the Jacksonville property much more valuable?—A. Yes, sir; and we have been trying to get an offer for it, and have now an offer of $10,000.

Q. That is only about one-third of its estimated value, is it not?—A.

Just about. But the question has been what to do with it. We have been holding it at a constant loss.

By Mr. GARLAND:

Q. Do you recollect the highest offer you have received for the South Carolina property?—A. I do not.

Mr. LEIPOLD. We never had any higher offer for the banking-house than what it was sold for. It was placarded and advertised and Mr. Small knew it was for sale by the Freedman's Bank, and he could have got it at any time. So far as the Sea Island Hotel is concerned, there was an offer made for it once, in paper—that is to say, there was no cash offer made, except a nominal sum—We made inquiry about it, and we found that he was not a responsible party—I think his name was Williams—and that he could not probably carry out any offer he might make. My impression is that that offer was $14,000. The sale was for $12,000, and that sum has been fully paid.

By Mr. WITHERS:

Q. The $14,000 you ascertained after investigation was by an irresponsible party, and it was not a money transaction?—A. Yes, sir.

Q. What was the character of the security offered?—A. His own individual note, secured by a mortgage on the property.

Q. That was all?—A. Yes, sir; he hoped to make money out of the hotel, and in that way to pay for it.

Mr. WITHERS. I understand; I thought it was the security of a corporation or of individuals that he offered in pay for it.

Mr. PURVIS. I have no hesitation in saying to the committee that these charges are lies, and base ones.

Mr. GARLAND. In this connection I would suggest, Mr. Chairman, that you give these letters to the commissioners that they may look them over and examine them together, that they may make their reply.

Mr. CRESWELL. I think that is due to the commissioners. And I will say that we will take great pleasure in responding to these letters and stand ready at any time to vindicate our action in all matters connected with our discharge of the trust committed to us.

"DISCREPANCIES" IN TABULAR REPORTS EXPLAINED.

By the CHAIRMAN:

Q. Will you explain, Mr. Creswell, what you call "discrepancies" in your tabular statement of May 10, 1879, as submitted to this committee? I take the Washington branch, for instance, and under the head of "discrepancies," I find the sum of $42,292.50. Is the discrepancy a difference between two statements, or which statements are referred to? I would be glad for an explanation of that.

Mr. CRESWELL. I supposed that the table itself exhibited that. It is the unexplained difference between the reports of the branches as furnished to us and the balance due depositors.

The CHAIRMAN. And in the Washington branch there are over $42,000 thus placed under the head of "discrepancies"?

Mr. CRESWELL. Yes, sir.

The CHAIRMAN. I wanted to know what the losses were, and how you accounted for them—whether all losses were carried as "discrepancies." Take the branch at Washington, for instance, where $42,000 are carried under the head of "discrepancies"—whether you mean that all losses occurring in the branch banks are placed under that head?

Mr. CRESWELL. No, not losses. These are the unexplained differences between the branch reports and the balances due depositors, as we found them on making up our statement from the books held by depositors.

Mr. WITHERS. Being presumable errors in the methods by which the accounts were kept—the books failing to balance by that sum?

Mr. CRESWELL. Yes, sir. They were errors we could not reconcile in bookkeeping, between the balances on the books of the banks and the balances appearing in the depositors' books.

REPORTS OF THE BRANCHES MADE TO THE PRINCIPAL OFFICE.

By the CHAIRMAN:

Q. How often did the branches report to the parent office before the commissioners took possession?

Mr. CRESWELL. That is more than I remember now, sir. I do not know what the regulations required in that respect. I am not sure that there was any particular and fixed period required for the making of reports to the chief office. As we say in our first report in '74, we found the books so badly kept that it was almost impossible to reconcile the accounts of the bank, and we had to do the very best we could.

DEPOSITORS' PASS-BOOKS AS EVIDENCE OF INDEBTEDNESS.

By the CHAIRMAN:

Q. Have you found the pass-books of the depositors reliable, as a rule, or more reliable, than the books of the bank?

Mr. CRESWELL. The pass-books are the evidence that depositors held against the bank, and we were bound by them. It is just as if the bank had issued an obligation. We were bound by them unless we could show that they were clearly in error in the pass-books.

The CHAIRMAN. You have taken them, then, as your guide?

Mr. CRESWELL. Yes; we have taken them as our principal guide. We did not feel that we would be justified in attempting to go behind them, for that would probably have led to litigation in which we would not have been able to sustain ourselves.

By Mr. WITHERS:

Q. There are discrepancies between the pass-books and the account-books, and you have assumed the correctness of the pass-books rather than of the accounts?—A. Yes, sir; because we did not feel that we could attack successfully an obligation which the bank itself had issued.

LOSS AT THE BEAUFORT BRANCH.

By Mr. GARLAND:

Q. Going back for a moment to the letter of Mr. Small. It speaks of the bank there, at Beaufort, having lost some $80,000. I do not exactly remember the figures, nor gather what he means by that assertion. Is that your recollection of the amount of loss there?—A. He means, I suppose, that the assets fell short by that amount of the charges against the bank.

Mr. WITHERS. I think it was $60,000, as I remember it, as made in one of the published reports?

The CHAIRMAN. It is stated in one of the reports.

Mr. GARLAND. He put it at $80,000. I do not know whether it is the same thing that the $60,000 called for, or whether it was sunk in some other way.

Mr. PURVIS. May I ask whether Mr. Small has furnished you, Mr. Chairman, with any facts that he advises you he is in possession of to sustain himself in the charges he made?

The CHAIRMAN. That letter is all, I believe. There may be one other. My recollection is that he has written me twice, or possibly inclosed me a letter from some one else. It was during the summer, and the papers have been put away, and we have not before us all the correspondence.

TRANSFER OF ACCOUNTS AND SET-OFFS.

Q. I will ask you now, Mr. Creswell, to explain the matter of the transfer of deposit accounts in the settlement of loans in this table [showing table]. Here, for example, is Mrs. Annie Darby's account, and her deposit has been applied to the payment of Ralph H. Darby's account. The same is true in several other accounts.

RALPH H. DARBY'S ACCOUNT.

Mr. CRESWELL. That was a case which was taken into the court. We contested the right to have that account transferred. We held that where a party, at the time of the failure of the bank, had a sum of money due from the bank, and that party at the same time was indebted to the bank, on the established principles of law, he was entitled to a set-off. I think all lawyers will understand that position. In this case, Dr. Darby came in and claimed that the deposit held by the bank to the credit of his wife should be placed as a set-off to the claim against him. We contested. The case went to the court, and the court ruled against us.

Mr. LEIPOLD. Dr. Darby had died. The claim was made by his widow, who was the sole heir.

Mr. CRESWELL. At all events, the court ruled against us, and decided that we should allow that as a set-off. All the other cases of set-off I think you will find were made under the general principle I stated in the beginning of my reply to your question.

By Mr. GARLAND:

Q. What court?—A. Judge Wylie, I think. The supreme court of the District.

Mr. LEIPOLD. It went to the court in general term. That court sustained the judge below. The expense involved in carrying the litigation any further was so great that it was deemed best to settle the case, because they looked upon Mrs. Darby as the surety for the note, inasmuch as the property was hers, and they applied the principle of set-off and said she was entitled to a set-off.

By Mr. WITHERS:

Q. Was she the indorser of the note?

A CASE IN WHICH THE SET-OFF WAS DECLINED.

Mr. LEIPOLD. She was.

Mr. LEIPOLD. We had another case in point, a very close case, that caused a good deal of ill feeling on the part of the gentleman who

held the account. We won that. That was a case where the party was indebted to the Freedman's Bank, and held the check of a depositor, drawn on the 8th of July, for $3,200, and endeavored to set off that deposit on the ground that it was their own, that the money belonged to them, and they endeavored to set it off against their indebtedness. But we found when we came to take charge that the $3,200 still stood to the credit of the original depositor, and had not been transferred before the failure of the company. We declined to make the set-off, and the court sustained us.

THE CLIFFORD ARRICK ACCOUNT.

By the CHAIRMAN:

Q. On this schedule, Mr. Leipold, there are several cases of deposits transferred to the accounts of other persons. Possibly you remember one of them—the account of Clifford Arrick? Clifford Arrick's case I will designate, although there are several, as a representative case. What I want to get at is whether, if Mr. Arrick, or any other person, deposits money in your bank, and at the same time has a loan from the bank secured by a mortgage (as I see in one case it has been done), do you allow that account to be transferred from the deposit to the loan account, and permit the party to receive dollar for dollar, whereas other depositors in the bank can only receive their pro rata of the dividend, of 30 or 50 per cent., as the case may be? Does not that seem to make preferred creditors of these parties?

THE PRINCIPAL OF "TRANSFER" ILLUSTRATED.

Mr. LEIPOLD. The principle involved is one of established law. To illustrate: Here is a man who borrows, say, $5,000, from the Freedman's Bank, and gives his note as security, and that note is held in the loan account of the bank as against the man. The man, however, has a deposit account in the same institution, and he has $4,000 to his credit in that account, we will say, when the bank fails. A receiver now comes in and takes charge of the bank. He finds that the man owes the bank $5,000 on his promissory note, secured by a deed of trust, and he also finds that the institution owes him $4,000 on his deposit account. Now, suppose that the receiver declines, as we did in one or two cases, to allow the man a credit, and calls upon him to pay the $5,000? He says, "You owe me $4,000; I will pay you the balance." "O, no," we say, "we cannot do that." We go into the courts and endeavor to enforce the payment of that $5,000 loan. The man pleads his deposit account as a set-off, and the court allows it, and will allow it every time; that is, provided that that is the condition of the account at the time of the failure of the institution.

Mr. WITHERS. That may be all right, and that may be the law, but it does not meet the point made by the chairman. It is not the law of transfer.

Mr. LEIPOLD. That I take it is a mere technicality. Whoever calls that a transfer I do not know. Wherever we found that to be the case, the credit to the depositor's account was carried to the loan account and the depositor's account was closed at the time.

Mr. WITHERS. That is customary in banking, I understand; but a transfer is one thing and an off set is another. A transfer would indicate that the account had passed into the hands of other and different parties.

Mr. LEIPOLD. This is a transfer from one book to another of the same man's account—the taking of the credit on the deposit account and applying it to the extinguishment of the $5,000 loan on the loan account. The Clifford Arrick matter is a different matter again.

The CHAIRMAN. Exactly so; and my reason for calling attention to the Clifford Arrick account—and there are many similar cases on the schedule before me—was to learn the rule you had applied in such cases.

THE CASE OF BOUGHTON & MOORE.

By the CHAIRMAN:

Q. Could you, without having to refer to your books, explain to us, Mr. Leipold, the case of Boughton & Moore? I see they are here as "bankrupts"; and it appears that the note given was a real estate note of Boughton & Moore for $6,480. As it was a real-estate note, and they are here as bankrupts, I would be glad to have information of that account.

Mr. LEIPOLD. Probably Boughton & Moore had a running account in the Freedman's Bank, and gave notes to cover the balances due from them to the bank, and secured these notes by real-estate notes. When we took charge of the affairs of the institution, and I examined the assets, I found that these real-estate notes were covered by second or third deeds of trust. My friend on the right (Mr. Douglass) probably knows something about that. He, too, had a mortgage on the same property, ahead of the bank, and I believe lost part, if not all, his claim. They were utterly worthless. The property had been sold under a prior deed of trust, and the parties had gone into bankruptcy.

By Mr. GARLAND:

Q. Was the matter presented in the bankrupt court?

A. Yes, sir; and they had no assets.

Q. While you are upon that point, to illustrate several matters that run through these accounts, was it known, when these and similar securities were taken, that previous mortgages or liens existed?

Mr. CRESWELL (answering). These securities were not taken by us, but by the managers of the bank that came ahead of us.

Q. Well, Mr. Leipold, the instance you gave a little while ago—the two separate accounts—the deposit account and the loan account—were any cases of that sort contested in the courts? I mean the propriety of transferring the account.

A. The Darby case was contested. That was different from this in this particular: That in the deposit account the credit was to the wife, in the wife's name. The debt was by the husband. There was no mutuality, and of course we would not allow it, but the court overruled us.

Q. Is it a stronger case than the one you instanced?—A. No. Where the credit was mutual there was no use in disputing it; we would only have wasted the assets of the bank by disputing such cases.

THE MRS. FISKE AND LEONIDAS SCOTT ACCOUNT.

By Mr. WITHERS:

Q. Here is the account of Harriet P. Fiske on the schedule. It is a sum of $2,356.20 credited by loan to Leonidas Scott.

Mr. LEIPOLD. Leonidas Scott, trustee.

Mr. WITHERS. No; simply Leonidas Scott. That would appear to

be an off-set of a depositor's account, by the name of Fiske, by a loan account in the name of Scott, a different individual entirely.

Mr. LEIPOLD. That was examined into, and although the money apparently was to the credit of Mrs. Fiske, the two were virtually the same parties; Leoidas Scott represented Mrs. Fiske. It was a trust matter.

By Mr. WITHERS:

Q. Was he a trustee for Mrs. Fiske?—A. Yes, sir; and the amount deposited was deposited to that trust fund, of which he was trustee.

Mr. WITHERS. Well, the word "trustee" should have been added to "Leonidas Scott," in order that the fact might have been seen and known at a glance.

THE ELISHA A. BRUCE AND WORROCK ACCOUNT.

By Mr. WITHERS:

I see the case here of Elisha A. Bruce, of Jacksonville, Fla. He appears to have had a certain amount on deposit, which was applied to the payment of Worrock's loan. The parties seem to be totally different and distinct. What is the history in that case? It is a small account, but I would like to know the principle involved in it.

Mr. LEIPOLD. That is a compromise settlement. The question in that case was to get the utmost possible out of it. Here was a man who owned this deposit book. All that we could get hold of in payment of that loan was taken. It was found that he had possession of that book in good faith, and although we had almost uniformerly rejected all transfers of deposit books, in this case it was thought best either to take that or nothing.

Q. Worrock owned the deposit book instead of Bruce?

Mr. LEIPOLD. A lot of different things were turned in, in that case, and the question was to take that, or nothing. It was a compromise settlement. We did the best we could, and got all that we could out of that case. Of course there is a history to each one of these cases.

Mr. WITHERS. Each case must have its own history, of course; I wanted simply to get at the principle involved, upon which the commissioners acted.

THE CLIFFORD ARRICK ACCOUNT.

Mr. LEIPOLD. The Clifford Arrick case was about as large a case as any. It comes up in this way: Clifford Arrick owed a sum of money to the Freedman's Bank, and the matter was in litigation between Clifford Arrick and some outside parties, as to whether the outside parties should pay the Freedman's Bank or Clifford Arrick. Clifford Arrick was required to deposit the money which was due the Freedman's Bank. That was, of course, before the failure of the company. It was placed to the credit of Clifford Arrick in the deposit ledger, and a certificate of deposit was issued for the amount. The certificate of deposit was filed in the loan department of the bank so that the money could not be drawn out. It was subsequently decided that Clifford Arrick must pay that money, and the certificate was canceled and carried over to the loan account.

THE WILLIAM O. AVERY ACCOUNT.

By the CHAIRMAN:

Let me call your attention to the William O. Avery account of $585.32.

Mr. LEIPOLD. In the William O. Avery case, Mrs. Avery (as Mrs. Helen M. B. Upson, before her marriage to Mr. Avery) bought a piece of property, and gave notes for it, secured by a deed of trust on certain property, which notes were bought by the Freedman's Bank. When the commissioners came in charge, they found a number of these notes. Some of them had not yet matured; some were overdue. Mrs. Upson paid for them for some time as Mrs. Upson and also for some time after she had become the wife of Mr. Avery. Finally, she could not pay any more; her husband had got into pecuniary trouble, and we sold the property under the deed of trust and bought it in, and there was still a balance due on these notes. I myself brought suit against Mrs. Avery (she having other property, as I understood), and was defeated in the courts, on the ground that she, as a married woman, was not personally liable for notes given by her in purchase of property. Mr. Avery had a balance to his credit on the deposit books. He never called for his dividend. When he was chief-clerk in the Treasury Department I had conversations with him, and while I did not inform him personally in any of these conversations that there was a balance due him on our books, I told him that I wished depositors would bring in their books. I did this to find out whether he would speak of his account. He never did, nor did he ever apply for the balance due him. My impression is, that the amount was paid to him and not charged on the books against him. When we were defeated in the court, I arbitrarily turned his deposit balance over to the balance that was due from Mrs. Avery, on the ground that Mr. Avery, as her husband, was liable for it. But as a matter of fact, I do not believe that the money was due to Mr. Avery, and I took the course I did by way of precaution in the interests of the Freedman's Bank, and to prevent Mr. Avery's being paid until he had established a valid claim. The moment Mr. Avery furnishes proof that that money is his, we will pursue the claim anew, and hold it as a set-off against the debt of his wife.

Mr. PURVIS. Thus leaving the impression that Mr. Avery had drawn out all he ever put in the bank, and reflecting upon the management of the institution by those in charge.

Mr. LEIPOLD. We cannot help that impression. The defective management will be abundantly proven before this committee gets through. It is my opinion that nothing is due Mr. Avery. He is a man in great poverty and distress, and if he knew or believed that he had a dollar with us, he would have presented or would present his claim for it.

PROPORTION OF UNPAID LOANS THAT CAN BE MADE GOOD.

By Mr. GARLAND:

Q. Mr. Creswell, you have seen this schedule made out by the accountants, have you not?—A. No, sir; I have not.

Q. There is an aggregate of $511,000 there, and something over, that the institution is behind, in the loan account of the Washington branch. Have you any idea—and either of the commissioners can answer, in order that we may expedite the examination—how much of that sum due on account of loans could be made good?

Mr. CRESWELL. Does that mean the balance still standing on the ledger?

Mr. GARLAND. Yes, sir; the schedule shows the amount of unpaid loans of the Washington branch as it appears from the ledger up to the date of September 17, 1879.

Mr. CRESWELL. Irrespective of all credits?

Mr. GARLAND. No; allowing all credits.

Mr. CRESWELL. It would be difficult to estimate how much of this amount could be made good without going over all the accounts. A large amount will never be realized upon.

LITTLE VALUE OF THE PERSONAL SECURITIES.

By Mr. GARLAND:

Q. Take the first case on the schedule, the case of William R. Arnold, involving a balance due of $496.70. The property given as security for this loan was sold and bought in by the commissioners for $395, the balance being still unpaid. Is that the only security, for example, you have now—the property there mentioned?

Mr. CRESWELL. In all those cases where we thought there was any possibility or probability of recovering on the loans, after the sale of the property was made and a deficiency shown, we brought suit. In many of the loans, the personal security was worthless. The only real security the bank had was in connection with the deeds of trust.

By Mr. GARLAND:

Q. In most cases, your statement is, that the personal security was worth nothing?—A. Yes, sir; almost nothing. In some cases we obtained judgment, and may ultimately recover.

Q. You could not now give any estimate of the amount of loans that will thus prove worthless?—A. Not any accurate estimate.

Q. Well, I would like to get such estimate from the commissioners before the examination closes. Did the commissioners, or any of them, take any of these loans themselves; or were they all taken before they came in charge of the company's affairs?—A. They were all effected before we came in.

Mr. LEIPOLD. There are some of the accounts represented here where we have sold property on time; for instance, where parties gave notes for part payment, secured by a deed of trust on the property we sold them.

Mr. CRESWELL. A separate list is given of these.

SECURITIES INSUFFICIENT TO COVER LOANS.

By Mr. GARLAND:

Q. For further information of the committee take, for example, the loan of the Fifth Baptist Church. It seems that the property was not worth, by a large sum, the amount of the loan made upon it. Was that the fact, that it was not worth the amount of the loan when the loan was taken, or has the difference in value arisen from the depreciation of the property since, or from other causes?

Mr. CRESWELL. Largely by reason of the depreciation of property generally. At the time when many of these loans were taken, real estate was at a high value, and high valuations were put upon it at the time of making the loans, and in many cases the properties were overrated in value.

Mr. LEIPOLD. In the case of the Fifth Baptist Church, I do not believe that the property was ever worth the amount of the loan taken upon it.

Mr. WITHERS. And the depreciation has been greater in the case of that church property, and of church property generally, I suppose?

Mr. CRESWELL. The general depreciation of property has been very great.

By Mr. GARLAND:

Q. How many cases, in the recollection of the commissioners, are there in which you found the security given, at the time when the loan was effected, entirely insufficient to cover the loan; of course I mean an estimated, approximate number, that may be in your mind, as you would have to go to the books to find them all out?

Mr. CRESWELL. Yes, we would have to go over the books and make a special examination of that particular point. We have never made an examination with a view to set out in detail all these cases, and I am not able to give any accurate estimate of the number of such cases.

Mr. PURVIS. The rule recognized in the making of loans should have been that the security should be worth double the value of the loan, but the shrinkage in property values has been so great that the deficiency in many cases has been over one hundred per cent.

Mr. LEIPOLD. I have personally attended almost all the sales we have been compelled to make, and I found in quite a large number of cases that the properties were overestimated in value at the time when the loan was made.

Mr. CRESWELL. We had to buy in almost every piece of property we advertised. We sold, and were always anxious to sell, provided we could sell so as to cover the bank's advances. Some of the properties we have since sold, some of them at a loss, but our aim in selling has always been to sell upon the best terms we could possibly obtain.

Mr. PURVIS. And I think that some of the properties now are of little value compared with the amounts that were loaned upon them. I have no doubt that they were conscientiously estimated at the time. We have one instance, that large property of Lyons, where the party owning it refused seventy-five thousand dollars for it, but upon which we could not now realize twenty thousand dollars, I suppose.

By Mr. WITHERS:

Q. But that would not indicate the general case; that is rather an exception, is it not?—A. Well, the depreciation in property values has been without parallel.

CONCERNING CASES IN LITIGATION.

By Mr. GARLAND:

Q. You testified last spring, Mr. Creswell, as to litigations pending in this District, in reference to a number of pieces of property. Have any of these cases been disposed of?—A. Very few of them. We have had some cases decided in the Supreme Court. We have had two or three cases this term decided in our favor.

Q. Can you state the amount involved in them?—A. I cannot. I should suppose some thousands of dollars. But they are comparatively small in amount compared with the gross balances now in litigation.

Q. The matter of Enoch Totten, is that still in *statu quo*?—A. Mr. Totten has had charge of many cases—do you mean the heavy case?

Q. Yes, sir.—A. No material advance has been had in that case, but we have been pushing it. We were anxious to have it up this term, but defendant's counsel was engaged in other important cases, and the case went over, against our protest.

COMMISSIONERS' PERSONAL INTEREST IN LOANS.

By Mr. GARLAND:

Q. Were the commissioners, or any of them, interested personally in any of the properties pledged for any of these loans?

Mr. CRESWELL. No, sir.

Q. Directly or indirectly?—A. No, sir.

Q. Is that your answer also, Mr. Leipold?

Mr. LEIPOLD. Yes, sir,

Q. And yours, Mr. Purvis?

Mr. PURVIS. Yes, sir.

Mr. LEIPOLD. I may state here that I bought a piece of property in '72, I think it was, and assumed the payment of a deed of trust on it. I bought it from Mr. S. R. Bond, and the deed of trust was given, I believe, by a man by the name of Pumphrey. I found that the note was held in the Freedman's Bank, and I paid it. That was, of course, long before the failure of the bank, and before I became a commissioner.

Mr. PURVIS. Before I was appointed a commissioner of The Freedman's Bank, or had any expectation of such appointment, with a view of aiding the bank, I took several of its loans. I hold them yet, to my regret and loss.

By Mr. GARLAND:

The question did not mean to reach that far—only, of course, to the period since your appointment as commissioner.

Mr. LEIPOLD. I did not know whether the question did not reach as far as the statement I made.

Mr. PURVIS. I did not judge that it did.

Mr. LEIPOLD. I stated the case in my reply because that was a loan held by The Freedman's Bank in which I was indirectly interested.

By Mr. GARLAND:

My question was addressed to you as commissioner, and was meant to cover, of course, only the time since you become clothed with the character of commissioners.

Mr. CRESWELL. And I may add to my reply, that outside of my salary I do not think that I have ever made one cent by any transaction, remote, contingent, or otherwise, in the loans or assets of the institution, except to realize out of them the very last cent we could for the benefit of the depositors. That is my answer, and I believe it to be the answer of one and all of my associates. If they ever had any connection with the loans or assets of the bank for their personal profit, I am entirely ignorant of it. For myself, I am sure that I have not.

FEES OF COUNSEL IN THE DIFFERENT SUITS.

By Mr. GARLAND:

Q. Is there in your books a statement as to the amount of fees you have paid counsel for these different suits?—A. Yes, sir; we made a statement last spring, and we have paid Mr. Totten some since.

Q. How much?—A. A comparatively small sum, I could not state exactly how much; I do not suppose it has exceeded a thousand dollars.

Mr. LEIPOLD. About that sum.

Q. Have you paid others beside Mr. Totten?—A. Yes, sir, we have paid some others.

Q. Who are they?—A. We paid to Mr. Smith here, Mr. James H. Smith, some money, in small sums. We have also paid some attorneys at distant points, since then. They are all set out in the account.

EXPENSE OF THE COMMISSION.

By Mr. GARLAND:

Q. What has been about the expense of your management of affairs since you were before the committee last spring?

Mr. CRESWELL. We could only tell by reference to the accounts, and by making up a statement from them.

MR. LEIPOLD. I think they average at the rate of twenty thousand dollars a year—about as much as that.

Q. You think that that would be a fair average of your expenses since you were before the committee last May?—A. They may be a little lower than that now; at that time I think that was about the average; I guess that that is what it would amount to.

Mr. CRESWELL. The commissioners are exceedingly anxious to be relieved from their duties and responsibilities to this institution, if the committee will favor them to that extent, by any process, plan or system they may devise. We have been anxious that this should be brought about for the last three or four years, and you will remember that we sent in our resignation once, but it was declined on the opinion of the Attorney-General that we could not withdraw.

Mr. GARLAND. I know that, and we submitted a bill to Congress last spring, but had it recommitted in view of the examination going on.

Mr. CRESWELL. We will heartily acquiesce in anything looking towards this relief that we desire.

Mr. LEIPOLD. I think that it ought to be done, by all means. I think that the affairs of the company can be conducted at much less expense than is now made necessary, and can be wound up in a more rapid manner, and more satisfactorily in every way.

THE GOVERNMENT SHOULD PURCHASE CERTAIN PROPERTIES.

Mr. CRESWELL. We should be very glad also if the committee in relieving us should also conclude to purchase the bank property now occupied by the Attorney-General's office and the Court of Claims, and furthermore the banking property at Jacksonville, Florida. If that should be done it would enable our successor, whoever he may be, to declare another dividend. These are both very valuable properties, and it is our opinion that the government ought to purchase them.

OFFERS FOR THE JACKSONVILLE PROPERTY.

By the CHAIRMAN:

Q. You had an offer for the Jacksonville property, had you not?

Mr. CRESWELL. Yes, sir. We had an offer some time ago of $10,000 for it, which we declined, as it was so far below what we ought to ob-

tain for it. We did not wish to sacrifice it, and yet it is an expense to the company to hold it, and it has become a question whether it ought not to be disposed of speedily.

By the CHAIRMAN:

Q. What did the Jacksonville property cost?—A. I believe some $40,000.

Mr. CRESWELL. It is a valuable property. I went myself to Jacksonville, and have inspected it.

By Mr. WITHERS:

Q. I cannot think that there has been generally in Florida anything like such a depreciation of property as this offer of $10,000 would seem to indicate.

Mr. CRESWELL. The county commissioners made an offer of $10,000 a year ago.

Mr. LEIPOLD. O, they offered $25,000 for it at one time; one-third of the sum to be paid, not in cash, but in one year after purchase, and nothing to be paid immediately; and the offer was based upon the acquiescence of the people of the county. They have recently taken a vote upon it, and it was defeated. Of course we could not accept the proposition, because it included no money.

By Mr. WITHERS:

Q. What about the offer for $10,000 referred to a moment ago? Was not that a *bona fide* offer?—A. Yes, sir. That was made by a member of Congress, but we did not judge that it would be right to accept such a low figure. The present income of the property is not, however, even a fair interest on that sum.

OFFER FOR THE NASHVILLE PROPERTY.

Mr. CRESWELL. We have had an offer from Nashville for the property there, of $10,000—one-third cash.

By the CHAIRMAN:

Q. You have not much property at Nashville, I believe?

Mr. LEIPOLD. No, sir; there is only the banking-house, and a small property besides.

Mr. PURVIS. I do not think, however, that a $10,000 offer for the Jacksonville property ought to be entertained.

Mr. CRESWELL. And yet, I think, that we ought to sell it for that sum if we cannot get more.

OFFERS FOR THE VICKSBURG PROPERTY.

By the CHAIRMAN:

Q. Have you had any propositions to purchase the Vicksburg property?

Mr. LEIPOLD. No, sir. I have heard that property estimated lately at not more than three thousand dollars. It cost the bank sixteen thousand dollars.

EFFORTS TO SELL THE DIFFERENT PROPERTIES.

Mr. LEIPOLD:

I have been very much in favor of selling the Jacksonville property, and any other property of the bank, where we could get any responsible offer, at anything like a reasonable price, with a view to hasten the closing up of the concern and reducing expenses to the lowest limit.

By advertising and otherwise we have offered these properties, and the best offer we have been able lately to get for the Jacksonville property is the one we now have of ten thousand dollars cash. I was in favor of directing our agent there to advertise that property for public sale, and to make every possible effort to get a larger sum for it at such sale, but to limit the price to a minimum bid of ten thousand dollars, and if no better offer were made to let it go at that figure. We have been trying to sell it, I think, for the last five years, but we cannot sell it. The reports of its condition are that it is rapidly depreciating, the timbers are decaying and it is suffering for the want of repairs, &c., while the income from it is very small.

Mr. PURVIS. Within the five years we have been offered upwards of twenty thousand dollars for it.

Mr. LEIPOLD. That was not an immediate cash offer, as I have said. There was a gentleman in our office who said that he would make an offer of twenty-five thousand dollars for it, but he did not make the offer.

THE MEMPHIS PROPERTY.

By the CHAIRMAN:

Q. Have you any property in Memphis?

Mr. LEIPOLD. We have a lot there, in litigation. We could probably sell it if it was free from litigation. It is involved so that we cannot sell it at present.

Mr. CRESWELL. It should be remembered, also, that it is a very easy matter when we have sold any property at a low figure, to find persons complain that it has been sold far below its value, but in nearly every case it has been a question whether it would not be better to sell for what it would fetch rather than to hold on to it. We are paying taxes and repairs all the time.

Mr. LEIPOLD. I want to add here that, as matters now stand, our current income is virtually absorbed by the expenses of the commission. I do not see how anything whatever can be gained by delaying to close up the concern.

Messrs. Frederick Douglass, and Zalmon Richards, subpœnaed as witnesses, were at their verbal request excused from testifying at present, and Mr. Henry D. Cooke replied by letter through his son that illness prevented him temporarily from answering the committee's summons.

By suggestion of Mr. Garland, at least one of the commissioners was requested to be present at each session of the committee, in order to facilitate the examination.

Adjourned to meet on the following Tuesday, January 13, 1880, at 10.30 o'clock, a. m.

COMMITTEE-ROOM OF SENATE SELECT
COMMITTEE ON THE FREEDMAN'S BANK,
Washington, D. C., January 13, 1880.

The Select Committee of the Senate on the Freedman's Savings and Trust Company met this day in the committee room of the Senate Committee on Manufactures, at 10.30 o'clock a. m.

Present, Messrs. B. K. Bruce (chairman), A. H. Garland, J. B. Gordon, and R. E. Withers.

Adjourned to January 15, 1880.

COMMITTEE-ROOM OF SENATE SELECT
COMMITTEE ON THE FREEDMAN'S BANK,
Washington, D. C., January 15, 1880.

The Senate Select Committee on the Freedman's Savings and Trust Company met this day in the committee-room of the Senate Committee on Manufactures, at 10:30 a. m.

Present, Messrs. B. K. Bruce (chairman) and A. H. Garland.

DISTRIBUTION OF LABOR AMONG THE COMMISSIONERS.

Mr. R. H. T. Leipold, commissioner, read the following letter, addressed to the committee:

OFFICE OF THE COMMISSIONERS OF THE FREEDMAN'S
SAVINGS AND TRUST COMPANY,
Washington, D. C., January 14, 1880.

HON. B. K. BRUCE,
Chairman Senate Committee Freedman's Savings and Trust Company:

SIR: Permit me to call your attention and that of your committee to the statement of Mr. Creswell, made on Friday, the 9th instant, in reply to your question as to the division of the duties or labor of the commission among the several commissioners.

I do not wish my silence on this point at that time to be regarded as an acquiescence in the correctness of that statement. As far as that statement seeks to convey the impression that any considerable portion of the work of the commission has been discharged by Commissioners Creswell and Purvis, or that they have devoted any extended time or attention to the business of the bank, I most emphatically dissent from it. On the contrary, I will state, and that without fear of successful contradiction, that almost the entire management of the institution has devolved upon me.

For the first two years after the commissioners took charge of the company's affairs, and while the duties, complications, and annoyances were at their maximum, Mr. Creswell was the United States attorney for the Alabama Claims Commission, and scarcely ever at the bank; and Mr. Purvis spent a large portion of his time in Philadelphia and thereabouts; and since that time, as far as the actual labors of the commission are concerned, it has been no better, although Mr. Purvis has spent more of his time at the bank.

Both of these gentlemen, especially Commissioner Purvis, have virtually assumed the position that, aside from a sort of undefined general supervision, they did not undertake to do any of the work when they became commissioners.

I have several times remonstrated with these gentlemen about the injustice of throwing the entire burden upon me, but without any satisfactory result. On the 6th of May, 1875, I addressed them a letter, a copy of which I inclose. This letter brought a verbal proposition from Mr. Creswell, offering to pay me $250 every six months for the additional labor required of me, to which I replied, by letter of May 20, 1875. (See correspondence, below). I then received a communication from each of these gentlemen, dated May 22 and 25, 1872, respectively, copies of which are also presented herewith.

Finding that neither of the other commissioners would consent to a fair division or apportionment of the work, I reluctantly accepted their offer, and they twice paid me the sum of $250 each, once July 1, 1875, and once January 1, 1876. After this, Mr. Purvis having become more bold and offensive in his claim that he was not expected to do any of the work, I refused to receive any farther payments from them. It is true, that in matters of importance—requiring the exercise of discretion—I have consulted those gentlemen, especially Mr. Creswell, but in every such case they had the full benefit of my labors, by a presentation of the facts previously ascertained by me, and their action has been based upon such ascertained facts. So, too, have they signed the dividend checks; but, even most of these were signed by them at their own homes, and involved nothing but the physical labor of appending their signatures. But in the collection of the assets, the examinations of accounts, the planning and systematizing of the work, the payment of dividends, the voluminous correspondence, the preparation of testimony and documents for suits pending in the courts, the preparation of the official reports, the buying in and selling of properties, and, in fact, the whole current work of the commission, Messrs. Creswell and Purvis have taken but little active part; and this is notorious, and I very much wish that that the committee would look and examine into this matter. It may throw some light on the propriety or impropriety of continuing an expenditure of $9,000 per annum, from the money of the creditors of the company, for the services rendered. I most emphatically protest against its further continuance.

I have the honor to be, very respectfully, your obedient servant,

R. H. T. LEIPOLD,
Of the Commissioners.

Mr. LEIPOLD. Before reading the correspondence which I wish to offer to the committee, I will state that the first letter, of date May 6, 1875, was written ten months after the commissioners took charge of the affairs of the institution. It is as follows:

MR. LEIPOLD TO MESSRS. JOHN A. J. CRESWELL AND ROBERT PURVIS.

OFFICE OF THE COMMISSIONERS OF THE
FREEDMAN'S SAVINGS AND TRUST COMPANY,
Washington, D. C., May 6, 1875.

Messrs. JOHN A. J. CRESWELL and ROBERT PURVIS,
Commissioners Freedman's Savings and Trust Company:

GENTLEMEN: As the responsibility of the position and my constant application to the infinite variety of complicated and annoying details arising from the closing up of the affairs of this company are beginning to have their effect on my health, &c., I am not willing, nor ought it to be expected, considering the limited compensation allowed, that the entire charge of the matter should any longer be left to me. I have, therefore, to request that you should determine among yourselves upon some plan whereby the duties arising out of our joint connection with this company, as well as the time necessary to attend to them, may hereafter be equally divided between us. It certainly never was contemplated by any one that the entire management of this concern should fall upon one commissioner, as has substantially been the case for the last ten months, as long as there are three appointed and paid.

Mr. Stickney's resignation, which took effect on the 1st instant, does not by any means diminish the care and anxiety incident to the business.

I am, very respectfully, your obedient servant,

R. H. T. LEIPOLD.

[Vol. 4 Correspondence Book, pages 287, 288.]

Mr. LEIPOLD. The above letter was followed by a verbal proposition of a compensation, to which I replied as follows:

MR. LEIPOLD TO MESSRS. CRESWELL AND PURVIS.

OFFICE OF THE COMMISSIONERS OF THE
FREEDMAN'S SAVING AND TRUST COMPANY,
Washington, D. C., May 20, 1875.

Messrs. J. A. J. CRESWELL and ROBERT PURVIS, *Commissioners:*

GENTLEMEN: Referring to your verbal proposition that, in consideration of my continuing to devote my time to the general supervision of the duties arising out of the closing up of the affairs of this company, to the exclusion of other private business, and for the purpose of relieving you of the necessity of a daily attendance at the office of the commissioners, which you claim to be impossible, you would pay me the sum of $250 each on the 1st of July next, and a similar sum every six months thereafter as long as the extra duties thus devolving upon me would prevent me from engaging in any other business pursuit, I have to say that I much prefer some arrangement could be perfected whereby I might have a portion (say, one-half) of my time daily to devote to the practice of my profession, thus enabling me to obtain some relief from the constantly recurring annoyances incident to this business, and at the same time to carry out the object I had in view when I severed my connection with the Treasury Department and accepted the appointment of commissioner.

If you cannot be personally present, might not the desired result be attained by you jointly employing some person in whom you have confidence, and for whose acts you are willing to be responsible, to represent you?

I have the honor to be, &c.,

R. H. T. LEIPOLD.

[Pages 77–78.]

MR. CRESWELL TO MR. LEIPOLD.

In answer to these two letters, I received the following replies:

WASHINGTON, D. C., *May* 22, 1875.

R. H. T. LEIPOLD, esq.:

MY DEAR SIR: I acknowledge the receipt of yours of May 6 and May 20.

Waiving for the present any difference of opinion I may have as to the positions taken by you in yours of May 6, I have to say in reply that when I consented to become

one of the commissioners of the Freedman's Savings and Trust Company, it was with the distinct understanding that I could not undertake the personal charge of the involved labors of that extended concern; all that I expected and promised to do was to give to the business a general supervision and attention, so that, with the co-operation of those having the direct management, the affairs of the company might be closed up to the best interests of depositors and creditors. My expectation was that you would take personal charge of the institution and its property.

Realizing equally with yourself that the duties required of the commissioners have been much more onerous and exacting than any of us at first supposed, and deeming it important to have one of the commissioners remain in charge, I am entirely willing to consent to the proposition contained in yours of May 20, as a matter of justice to you. I am satisfied that you have been disappointed in having your time entirely taken up with the duties of commissioner, thereby preventing you from engaging in the practice of the law, as you intended.

In consideration of the extra services required of you, I am willing to pay you the sum of $250 on the 1st day of July next, and an equal sum every six months thereafter, so long as the extra duties thus devolved upon you will prevent you from engaging in any other business pursuit. This arrangement, however, to continue only so long as we may remain commissioners, and it being understood that the payment for January next is not to be made if we should be relieved from our duties as commissioners before the expiration of that month.

As to the suggestion contained in the close of your letter of May 20, it is my opinion that the duties imposed upon the commissioners cannot be devolved upon any third party, and hence I greatly prefer that you should remain specially in charge.

Very truly, yours,

JNO. A. J. CRESWELL.

MR. PURVIS TO MR. LEIPOLD.

WASHINGTON, D. C., *May* 25, 1875.

R. H. T. LEIPOLD, esq.:

DEAR SIR: Your favor of the 6th instant is received. In it I am glad to know that the proposition of J. A. J. Creswell, esq., in which I cordially unite, is accepted by you, to wit, that by reason of the partial relief from our duties as commissioners of the F. S. & T. Co., with yourself, thereby imposing upon you an increased amount of labor, we individually tender to you the sum of $250 dollars for such extra services, from the 1st day of July, for the ensuing six months, and promise a like sum at the expiration of said six months should you continue in the performance of such extra duties.

Yours, respectfully,

ROBT. PURVIS.

Mr. LEIPOLD:

That is all I have to say on this point. I humbly trust and ask, Mr. Chairman and gentlemen, that the committee look into the matter, as a matter of justice to myself as well as to this committee, that they should know how the duties of this commission have been distributed, and by whom the great bulk of these duties has been performed.

MR. LEIPOLD EXAMINED.

By Mr. GARLAND:

Question. Mr. Leipold, I will ask you one or two questions in connection with that matter—with your permission, Mr. Chairman. Where was your place of business; at the bank?—Answer. Yes, sir.

Q. How many hours a day were you at the office, on an average?—A. From nine o'clock until four every day, unless I was called to the courts in connection with some business of the bank.

Q. How much of the time did Mr. Purvis and Mr. Creswell spend there?—A. For the first two years I should judge that Mr. Purvis may have been at the bank about half of the time; that is, as regards the days. He comes there, when he is here, about half past nine or ten o'clock, and goes away about one or two.

Q. Well, how in reference to Mr. Creswell?—A. Mr. Creswell comes there very seldom unless I send for him.

Q. Was there any understanding, when you three gentlemen went in, that this work should be devolved upon you in the main; that you should be the one to take care of and look into all this business, and that they would consult with you?—A. Not when we took charge. I want to say a word here. At the meeting of the board of trustees after the commissioners were elected——

Q. The present commissioners?—A. Yes, sir. Mr. Creswell got up and stated, as far as I can recollect, that if the board of trustees expected him to give his entire time to the details of the commission that they were mistaken; that he could not afford to do it. Thereupon Mr. Langston, one of the trustees, spoke up and said, "General, we don't want your time, we want your name"; and Mr. Creswell replied, "If that is what you want, you can have that." I do not remember whether any one said anything to Mr. Purvis. I said something of this kind to them: "All that I can refer to in this matter is my record and the fact that I am a working man. I will do my share of the work." Mr. Purvis said something to this effect: "Well, what am I going to do?" and I think that I turned to him and said, "You will find plenty to do; there will be plenty to do for all of us." That is the best of my recollection.

Mr. PURVIS. (Addressing Mr. Leipold.) Let me ask as to this point: Did I not really tender my resignation and say that I would not accept?

Mr. LEIPOLD. I do not remember.

Mr. PURVIS. Of course you do not.

By Mr. GARLAND:

Q. When you passed upon any matter of special importance with reference to the bank, did you not call these gentlemen into consultation upon it?—A. I did, in matters that required any special exercise of discretion. I did; yes, sir.

Q. Well, were these gentlemen ready at all times to give you the benefit of their advice and to consult with you?—A. Whenever I could get at them; yes, sir. I will state that the only reason for my making this statement——

(Mr. GARLAND. I understand that.)

——was in answer to the position taken by Mr. Creswell.

Q. Well, did more of the work devolve on you afterwards than you expected, when you mentioned the fact and called attention to your record as a worker?—A. Yes, sir; most decidedly, most decidedly.

Q. You refer to the letter of May 15; was it written with a view of relieving you of more than your proportion of the work, or with a view to getting increased pay for it?—No, sir; it was to be relieved.

Q. Of the surplus work?—A. Yes, sir; of the extra work.

Q. If I understand your figures correctly, the other commissioners paid you as much as $1,000 a year?—A. Yes, sir; for one year only. Each of them paid me $500.

Q. For this surplus work?—A. Yes, sir.

Q. That was all that was paid?—A. Yes, sir; that was all. I think at the time the last $250 was paid that Mr. Purvis made objection to it, and I said to him "It is purely a voluntary matter, I never asked you for it," and I refused afterward to receive anything, although in justice to Mr. Creswell I will say that he was willing to pay it.

Mr. GARLAND. I have no further questions to ask on that.

THE LEONIDAS SCOTT AND MRS. FISKE TRUSTEE ACCOUNT.

Mr. LEIPOLD. There is one explanation I wish to make in connection with the statement I made at the last meeting, with reference to the set-off, Mr. Garland. That is the set-off of a balance to the credit of Mrs. Harriet P. Fiske to the loan account of Leonidas Scott. I then stated that Leonidas Scott's account was a trustee account. I find upon examination that Mrs. Fiske's account was the trustee account, but that the two accounts were virtually the same. It is merely a reversal of the position of the two parties.

By Mr. WITHERS:

Q. Mrs. Fiske then was trustee for Leonidas Scott?—A. Yes, sir; she put that money in the bank for Scott, and it was understood by the officers of the bank when she put it there that she put it there for Scott—for services rendered by him in building her certain houses.

Mr. GARLAND. It does not change the legal shape of the question.

Mr. WITHERS. No, it is only a *mutatis mutandis*.

THE BEAUFORT PROPERTIES.

Mr. LEIPOLD. Yes, sir; substantially the same. Mr. Chairman, the commissioners were asked to furnish some correspondence that took place in the matter of the Beaufort properties, and I have a number of letters here on that subject. Shall I file them?

The CHAIRMAN. I presume that that will be sufficient, and we will select from them such letters as may be necessary to go upon the record.

By Mr. GARLAND:

Q. Is there anything in any of them—without going into detail—that would explain what was brought out the other day?—A. We called upon our agent there, who bid in one of these pieces of property, for an explanation of the charges made by Mr. Smalls, and he explains that. Then I have also brought copies of some of the correspondence, which I find is very voluminous, by the way, in relation to the sale of the Sea Island Hotel. With the final sale of it Mr. Lockwood had nothing to do whatever, and I suppose I had better file these letters with the committee.

By Mr. GARLAND:

Q. They are the most material, are they?—A. Yes, sir; they show that there was a previous offer of $12,000 for the Sea Island Hotel in 1875; also an offer of $15,000 in 1875, conditional upon our giving possession of it within a certain time; but as there was a lease existing upon the property for two years, we could not at that time comply with the proposition, and had to decline that $15,000 offer.

Q. You declined the $12,000 for what purpose—that it was not a sufficient price?—A. Yes, sir; we finally sold it, however, at $12,000.

There are a great many more letters on that subject, but I thought it would lumber up the record and make it too bulky. I have selected those that are material.

[See Appendix for these letters.]

STATEMENT OF MR. ROBERT PURVIS IN REPLY TO MR. LEIPOLD.

Mr. PURVIS:

Gentlemen and Mr. Chairman: This unexpected onslaught, untruthful,

from an ungrateful man, will be met in its order, and I think we shall be able to show you, most truthfully, the spirit that animates him. I have no intercourse with him; it is impossible that I should have any. I say, this unexpected and untruthful onslaught—for it is at variance with the truth and with all the circumstances connected with the appointment of myself and of that of Mr. Creswell—this underrating of our services, is grossly untruthful. The statement that only one-half of my time has been spent here is equally so. I was sent twice on a mission, even with a distressed and sick family, a daughter and wife both of whom have passed away. I left them to look after the interests of this concern, and went as far as Florida. I assert that in every instance where any matter was ever brought before us as commissioners, we passed our judgment upon it. It was submitted to us, and sometimes we differed, but generally we agreed, harmoniously.

APPOINTMENT OF THE COMMISSIONERS.

In regard to this matter of being appointed, it is well to begin at the beginning. It was entirely unexpected on my part, and unsolicited. I came from my home, and I trust you will make some allowance, from the position in which I have been placed so unexpectedly, for what would savor of egotism in the matter—I was appointed to come to Washington; and when the trustees met us, they declared to us that they were ready to put this trust into our hands. Mr. Creswell hesitated. He said he would hold the matter in abeyance, and I think he slept on it a night; notwithstanding the strong appeal which was made to him by Mr. Langston, who represented the trustees, and said that they wanted him there; that his name was of some importance; that he of all men in the Cabinet had more fully and more justly made the amendments of the Constitution a fact, in the recognition of the citizenship of the colored men, by giving them places in his department, as Postmaster-General; that they had his confidence; that they needed confidence because that confidence had been abused; and that it was said by some that the commission was to be made up of men who were sneeringly represented as "men of eminent respectability, men of substance, men of character," &c. Mr. Creswell was assured that in him (pointing to Mr. Leipold) we had a man who had solicited the place, "a working man," a man whom we should have a supervision of, and our eye upon, as we have kept it upon him, and that we should only be wanted there upon such occasions as would be required, when a judgment or opinion was to be passed upon any measure that should come up. Mr. Leipold next spoke and said: "I am a working man; I know nothing else but work." I remarked, as I have given in my testimony before the Beverly Douglas committee: "I fear that I am a supernumerary in this matter; I therefore decline accepting this trust"; and I thanked the trustees for the honor which they would confer upon me, but insisted that I must decline to serve. I was waited upon by Mr. Frederick Douglass, who was then president, or had up to this time been president of the institution, and he said, "No; we want you here; you are known among this people; you have claims upon them and they recognize it." I told of the condition of my family. Mr. Ela made a like application. The vice-president, Mr. Alvord, did the same, and I could name half a dozen others; all urged me to take the position. My son importuned me also. I held the matter until the next day, and at last, with great reluctance, accepted this position. Gentlemen, it ill becomes me, perhaps, to say that I have rendered service whenever that service was demanded. I

have been three or four of my last few years going back and forth from Philadelphia, where I live, but I have been ready to go on any mission, to serve the institution in any capacity, that would be required of me. As I intimated, I left my family, even when some members of it were ill, and went as far as Florida to look after our interests there. Mr. Creswell I always found prompt in any demand we made upon him. We had the benefit of his large experience and his legal opinions in all cases where they involved questions of law. He was always ready to serve. He and I have gone through all of this property that has come into our hands. We have attended some of the sales and we have had some correspondence.

It is a fact that the burden of this has been upon Mr. Leipold.

EXTRA COMPENSATION TO MR. LEIPOLD.

It was one of the most generous acts on the part of Mr. Creswell, in view of his, Leipold's, frequent interlarding, as he did, in his conversation with the other commissioners, that he was "a poor man," &c., that Mr. Creswell proposed making him a present, as I understood it from Mr. Creswell himself. I was not aware of Mr. Creswell's letter to Leipold. I do not know that I ever saw it. But I at once responded to the joint proposition with Mr. Creswell to give him $500. There was a good deal of affectation on his part about receiving it. It was so simple and clearly transparent as to his taking the money and in refusing it afterwards, that the result shows very clearly that Mr. Leipold certainly had consulted with some of his friends, and they thought that he might take it. I have never considered that Mr. Leipold did anything more than his duty. He was unknown, a stranger, an adventurer here, a foreigner, not known to any of these depositors; and the question to-day, as from the beginning, is, "Who is he?" Now, there is something that was sneeringly referred to in some letters from a newspaper reporter with whom he is associated, about respectability, and all that. There is something in respectability, in ability, and responsibility, and we needed men of that stamp. As to responsibility, there was in Mr. Creswell ample security. I know that there is in myself the fullest security for all I have assumed in this matter, and we are literally the bondsmen.

Mr. LEIPOLD. Mr. Purvis has virtually conceded all that I claim, and that is all the object I had in making the statement I have made. I did not wish it to go out, or that this committee should labor under any misapprehension as to the relative distribution of our duties as commissioners. The matter being already notorious who did the work of the commission, I did not want it to go out as if I consented to a position that could not be sustained by the facts. Now, all I ask is that the matter be examined into by this committee, because you have heard my statement and you have heard Mr. Purvis's statement. I should be very glad to have Mr. Creswell called upon to make his statement, and then the committee could take it in their hands——

Mr. PURVIS (interrupting). Both Mr. Creswell and myself, I wish to say here, desired to be released almost immediately after we entered into this duty, and we have had that desire year after year. Nothing would I desire more than that this day, this very moment, as we have all along importuned and begged, Congress would give us the legislation that would release us from these labors.

Mr. LEIPOLD (resuming). I do most emphatically deny that there was

any "interlarding of poverty" in the conversation had between me and Mr. Creswell on this subject. I deny it, and challenge him——

Mr. WITHERS. Well, that is not a matter of special importance in this investigation, as to the arrangements made between these commissioners. It is entirely beyond the purview of this investigation, as I understand it, that these merely personal arrangements between these gentlemen should be considered.

Mr. PURVIS. I deny that any arrangement was ever made with a view of being released from any service, and that that service was to be imposed upon Mr. Leipold. We assert that we have done fully our duty.

Mr. WITHERS. That you have stated, Mr. Purvis.

TESTIMONY OF HENRY D. COOKE.

WASHINGTON, *January* 15, 1880.

HENRY D. COOKE sworn and examined.

By the CHAIRMAN:

Question. Mr. Cooke, I will ask you to state to the committee what relations you sustained to the late Freedman's Saving and Trust Company?—Answer. I was a member of the board of trustees for several years; I cannot give you the dates, because I do not remember precisely, but for a number of years, and I was also a member of the committee on finance.

Q. How long were you a member of the finance committee?—A. The report will show; I cannot tell.

By Mr. WITHERS:

Q. You can state it approximately, I suppose?—A. Well, I should say about six years.

FUNCTIONS AND METHODS OF THE FINANCE COMMITTEE.

By the CHAIRMAN:

Q. Will you state what was the function of the finance committee in connection with the loans made by the institution?—A. The current loans or ordinary loan transactions, of course, were made by the regular officers of the company, the actuary and other officers, and the question of loans involving the consideration of loans of heavy amount and larger questions of sales of stocks and bonds or property investments of the company were submitted to the finance committee, and these loans were reported at the monthly meeting of the committee on finance and approved or disapproved by the committee.

Q. Did the finance committee act on all applications made to them?—A. No, sir.

Q. Did not?—A. No, sir; the current business, of course, the finance committee could not devote all their time to; they were not expected to do so.

Q. Do you know of any loans having been made by the officers of the institution contrary to the views, or without the approval of, the finance committee?—A. Yes; I could not state specifically. There was a statement made to the finance committee at its meeting, at which there was reported what the officers were doing, showing the general condition of the business.

Q. Sometimes the finance committee was consulted as to the propriety of a loan; at other times the loan was made without regard to them?—A. Yes, sir; very frequently these loans were made, and then were reported afterwards.

Q. After they were made?—A. Yes, sir; just simply showing the condition of the current business.

By Mr. WITHERS:

Q. Would the finance committee in this case have had any revisory power over the action of the officers of the bank, if the loan had been made by officers of the bank and subsequently reported to the committee? Suppose such loans not reported by the committee proved to have been made on securities that were not sufficient, could they have controlled it then?—A. I am referring now to minor loans; but if they had involved questions of investments, the sale or exchange of investments, or anything of that kind, of course these investments, or changes of investments, would hardly have been made except by the consent and concurrence of the finance committee.

THE SENECA SANDSTONE COMPANY.

By the CHAIRMAN:

Q. I will ask you to state to the committee what you know of the so-called Seneca Sandstone Company. Loans were made to that company from time to time, and we would be glad to have you state what you know of them?—A. That was a company doing a large business and employing a large number of hands, who were principally residents of Washington and Georgetown, although they worked up there. They were, very largely—a majority of them probably—at the time citizens here, and sometimes made loans of the company, as all large manufacturing establishments do, from time to time. In that way the indebtedness of that company accumulated with the savings bank.

The CHAIRMAN. Well, go on and give a full statement of the whole transaction, as far as your knowledge of it goes.

Mr. COOKE. That I could not do. I cannot at this time enter into the details. It has been a good many years ago, and I was a man with a great deal of business. I had a great many business cares on my mind, and other points occupied my attention; and I gave what time I could in assisting this company in its development and its growth and its success for a long time, until they were overtaken by these hard times, which impaired and destroyed the value of its securities, as well as of itself, its standing. That company were the victims of a widespread, universal financial trouble, by which I myself, my firm, have been heavy losers, as well as others, and I have always regarded this trouble of the company as having been the result of a widespread, universal, sweeping financial disaster.

By Mr. GARLAND:

Q. What became of the property of the company, Mr. Cooke?—A. The property is there still.

Q. Is it disbanded or broken up?—A. No; it is still there.

Q. Had you an interest in the property of the company? State to the committee how you got that interest and when you got it?—A. I was one of the original purchasers of the property, and bid it in afterwards. I had full confidence in it, and I showed my confidence in it by purchasing and paying money for it, and what interest I own I bought and paid for.

Q. When did you make that purchase?—A. During the first three or four or five years I bought that and other miscellaneous securities. (I was dealing in securities of all kinds.) I bought the bonds and stock of the company at different times.

Q. Was this purchase made before you were a member of this finance committee?—A. Partly before and partly afterwards.

Q. At different times; some you purchased before and some after?—A. Yes, sir; just as I made any other purchases. I had full faith in the company, and I have still.

Q. What was the extent of your interest in that—a third or fourth or fifth?—A. No, I had about $90,000.

Q. $90,000?—A. Yes, sir.

By Mr. WITHERS:

Q. What was the nominal capital of the company?—A. $1,000,000. It was like a good many other enterprises that I have had and that I suppose we have all had; though I had confidence in them at the time and did what I did for the best, did it honestly, and in the exercise of what I supposed was good judgment. It was my misfortune that these anticipations and hopes were not all realized.

By Mr. GARLAND:

Q. Did Mr. Kidwell have an interest also with you in that?—A. Yes, sir.

Q. Does he still keep his interest?—A. I presume that he does.

Q. Whom did you purchase from directly, Mr. Cook?—A. Well, I purchased of a number of persons.

Q. A number of persons?—A. Yes, sir; and at different times. I bought it just as I did any other stock or securities.

Q. Who owns the land? There was some land belonging to the company.—A. Mr.——— (I know the person very well but cannot recall his name at this moment), of Montgomery County, who lives, or did live, in Montgomery County, Maryland.

Q. Was it Dodge?—A. No.

By Mr. WITHERS:

Q. You were not one of the original corporators of the company, then?—A. No, sir—O, of the Seneca Company; yes, we bought the property and organized the company.

Q. Then you were among those that formed the company. The shares amounted to $1,000,000; what was the par value of the shares, $100?—A. Yes, sir; $100.

Q. Do you know how much money was actually paid in before the company was incorporated?—A. The company was incorporated originally at a less amount, but I cannot state exactly what it was.

Q. You don't know what percentage of the stock was paid in cash?—A. About fifty per cent., I think.

Q. What was the amount of the capital stock at the time the company was incorporated?—A. $500,000, I think.

Q. And fifty per cent. was paid in?—A. Yes, sir; fifty per cent. was paid in.

By Mr. GARLAND:

Q. Do you remember the number of shares of stock you had in that company?—A. I don't remember; though that is a matter of record; I could furnish the committee with that information any time.

Q. The testimony of Mr. Dodge, I believe, before what was called the Douglas committee, was that after the improvements were put on the

lands, his valuation of it was $70,000. $50,000 was put in the company at a valuation of $500,000; do you recollect anything of that; if so, what is the explanation? It appears that the improvements put upon the land were valued by Mr. Dodge in this testimony before the Douglas committee at $70,000?—A. Well, $70,000 and $50,000, the cost of the land, would run it up to $150,000.

Q. Does that make one hundred and fifty thousand dollars?—A. Yes, sir.

By Mr. WITHERS:

Q. $70,000 and $50,000 would be $120,000?—A. Yes, sir; $120,000. That was before the property was developed.

By Mr. GARLAND:

Q. These were improvements put on the property to develop it?—A. Yes, sir.

Q. Then it seems, according to that, the stock was issued in equal parts to Dodge, yourself, and Kidwell, is that correct?—A. Yes, sir; that is correct.

MR. H. H. DODGE AND THE SENECA COMPANY'S LOAN.

Q. Have you examined that testimony of Mr. Dodge at all?—A. No, sir.

Mr. GARLAND (addressing the chairman). It would be well, Mr. Chairman, if Mr. Cooke could examine that and he can be interrogated upon it. (To the witness.) It is in this book, Mr. Cooke, if you have not seen it.

The CHAIRMAN. We will give you the testimony of Mr. Dodge.

Mr. COOKE. I said I had not examined it. It was reported at the time, in the papers, but I do not recollect anything about it now.

Mr. GARLAND. I have an abstract of it, Mr. Cooke; it won't take you but a few minutes to go through it and tell us what you have to say in regard to it.

Mr. COOKE. The man I bought from was Peters; Mr. George Peters was the name I was trying to recollect a moment ago.

Mr. COOKE. (Handing back the paper which had been submitted to him for examination.) This testimony of Mr. Dodge's, I believe, is substantially correct.

By Mr. GARLAND:

Q. This is what we wanted to know of you, Mr. Cooke, if possible. Dodge testified that $75,000, and then $50,000, were put into the company at a valuation of $500,000. If you can explain that, please do so, if you recollect anything about that transaction; if you do not recollect now, you can take some other time to answer.—A. Well, there is a good deal in the way a case is stated, you know.

Mr. GARLAND. Yes.

Mr. COOKE. My recollection of that is that at a meeting of the company it was resolved to increase the capital stock, in view of these developments of the property—the discovery of those magnificent ledges of stone which we did not know existed or not, when we leased the property. It was like striking a vein in a gold mine. Until you do that you do not know what it is worth. After you strike the vein you can tell a great deal better than you could before.

Here they discovered what we believed, what I believed, and what I believe yet, to be the finest ledge or deposit of that kind of stone within

a great distance of this place. There is, in fact, nothing like it anywhere in this country. And it is of incalculable value. It will be of still more value I believe. They want a building-stone of this quality and accessible, that can be gotten out and gotten cheaper to the market. I do not believe—although I may be altogether wrong in my estimate of the value of this building-stone—but my belief always was, and is now, through all the trouble which has befallen the company, I hold on to the belief that the valuation of the deposit was not excessive. That is my honest belief. I may be wrong in it. I do not claim that I am infallible. That was my belief then; it is my belief now. I believe it will be yet justified what sort of stone this is, and that it is bound to be in demand. There are qualities about it which belong to no other stone that is accessible at double or treble the price that this would be delivered for here. For instance, after the Boston fire there were builders down here to examine that stone with a view to using it in the construction of buildings that should be fire-proof. We know, the committee all know, everybody knows, that granite, however permanent a material it may be for building purposes, is destructible when it comes to stand the intense heat of great fires. It cracks and breaks all to pieces; it is almost as destructible as pine wood would be; but this stone is absolutely indestructible. It hardens when subjected to a fire. When they had that fire in the Smithsonian Institution the stone became very hard, so indurated on the surface that it cost more to redress it, to clean it, as it were, than it would to carve out, quarry out the new stone, bring it down, cut it, and put it in the walls; and they did that in the Smithsonian building.

REPURCHASE OF BONDS BY THE SENECA COMPANY.

By the CHAIRMAN:

Q. We would be glad, Mr. Cooke, if you would tell us whether you have any knowledge of the purchase by the bank of $20,000 of first-mortgage bonds of the company, and the agreement of the Seneca Sand Stone Company to repurchase the same within two years. Do you remember that transaction?—A. I think I do.

Q. Please state what you remember about it.—A. I was not here at the time the negotiation was made. It was done by the acting manager of the company, Mr. Hayden, and I think by Mr. Huntington, who was acting as member on the finance committee.

Q. Well, we would be glad to have you state all you know about it.—A. That is all I remember—all I could swear to.

Q. Well, have you any knowledge of the repurchase by the Seneca Sandstone Company of the $20,000 first-mortgage bonds?—A. No, sir.

By Mr. WITHERS:

Q. Mr. Huntington at the time was a stockholder also in the company, was he?—A. Yes, sir.

Q. Did he have any official position in the company?—A. Yes; he was on the finance committee.

Q. I mean of the Seneca Sandstone Company.—A. No, sir.

Q. I understood he was one of the finance committee of the bank?—A. Yes; of the bank.

Q. And this sale was negotiated by him as the agent of the bank?—A. So I have understood. As the agent of the bank I do not know that that was negotiated by him alone; I suppose by him or other members of the committee, or the acting officer of the committee.

Q. I understood you to say that he was a member of the finance committee of the bank, that passed upon and approved these purchases?—A. Yes, sir.

By the CHAIRMAN:

Q. Can you give us any information, Mr. Cooke, regarding the agreement under date of December 30, 1871, relative to the transfer of the loan in the name of the Seneca Sandstone Company to that of Kilbourn & Evans?—A. No, sir; I don't know anything about that.

THE EVAN LYONS LOAN.

Q. Returning to the question put to you a while ago touching your connection with the finance committee, there is one point I shall be glad to have you inform us upon. Why was it that the loan to Evan Lyons, of $34,000, was approved on the 23d day of July, 1872, after having been rejected four several times before on an application for $18,000, and absolutely rejected on the 8th of May, 1872?—A. The loan to whom?

Q. To Evan Lyons. To make my question a little clearer, perhaps, I will state that four applications had been made for loans, and in each instance the application had been rejected; and on the 8th of May, 1872, an application for $18,000 was rejected absolutely; and yet, on the 23d of July, 1872, a loan of $34,000 was made to that party. It was about this that I wished to ask you, if you remember?—A. I would very gladly explain that if I could, but I have no recollection of these facts that you state. I do not know whether I was present at this meeting of the finance committee that approved that or not. Perhaps you could give me some information?

Mr. CLEPHANE. That loan was made after Mr. Cooke resigned.

Mr. COOKE. You must excuse me for not remembering these matters of detail. They occurred six or seven years ago, when I gave my attention only incidentally to these matters. They were generally brought before us and acted upon at the time, and dismissed from our attention, and they have escaped my memory.

WHAT CONSTITUTED A QUORUM OF THE FINANCE COMMITTEE.

By the CHAIRMAN:

Q. Didn't the by-laws provide that three members of the finance committee should constitute a quorum for the transaction of business? There were five members, were there not, on the board of finance?—A. I do not know whether the by-laws provided that or not, but I presume that the authority existed somewhere. The majority of the committee generally make a quorum.

Q. Was that always your custom?—A. Yes, sir.

Q. Have you no recollection of any violation of that custom?—A. No, sir.

Mr. GARLAND. Did you transact any business, you or any members of the committee, with less than a quorum?

Mr. COOKE. I think not.

Mr. GARLAND. It appears from the minutes of the finance committee that you and Mr. Huntington on several occasions acted upon loans in the absence of a quorum. Do you have any recollection of this?—A. No, sir.

Mr. GARLAND. I suspect, Mr. Cooke, that you had better look over these matters and see if you can recall any of them to mind; for we would like to have you make some explanation of them.

Mr. COOKE. I suppose if there were anything of that kind, these things happened so long ago that I have forgotten them long since. It may have been done; there may have been occasions in which less than a quorum have transacted business. Two members may have agreed to a measure provided they had the consent of the other members of the committee, and they might have got that consent, you know, in that informal way, which would be just as binding and just as good as a quorum.

Mr. GARLAND. Whatever the explanation is, we would like to have it. It appears from the minutes that in several instances things of that sort were done, and we desire to know about it.

Mr. COOKE. Yes, there may have been occasions also in which the action taken was by three or four of the whole committee when there were only a portion of the committee to attest the fact of the transactions; and there may have been a neglect to get the other signatures.

Mr. GARLAND. Yes, sir; whatever the explanation is, of course we want it.

Mr. WITHERS. These indefinite answers and hypothetical suggestions amount to nothing. We want you, Mr. Cooke, to examine and see whether these things occurred.

Mr. COOKE. Exactly; I will do that, of course. It is very possible that there was not that strict attention to the detail of keeping the minutes; these may have been mere omissions, you know.

Mr. GARLAND. Well, whatever may be the explanation, of course we want to have it. You will have an opportunity to get from the minutes and the notes of the clerk points which we desire to have explained as to whether there has been a lack of economy and all that in administering the affairs of the bank. Whatever explanation you can give after consultation with other gentlemen with whom you acted, and after looking at the records and refreshing your memory, why of course we shall be glad to have it.

By the CHAIRMAN:

Q. We will desire to have you before us again, Mr. Cooke, and in the meantime we wish you to refresh your memory by examining into the matters upon which we have been interrogating you.

Mr. COOKE. Will you be good enough to name some of these points?

The CHAIRMAN. We have asked you about the Seneca Company's loan, and the Lyon's loan, and the matter of the action at different times of members less than a quorum on the finance committee, yourself and Mr. Huntington, or yourself and some one else.

Mr. WITHERS. Also the date of your official connection with the company as a member of the finance committee, when you assumed the duties, and when you resigned your place on that committee.

TESTIMONY OF LEWIS CLEPHANE.

WASHINGTON, D. C., *January* 15, 1880.

Mr. LEWIS CLEPHANE sworn and examined.

By the CHAIRMAN:

Question. Mr. Clephane, will you please state to the committee what your connections were with the late Freedman's Savings and Trust

Company?—Answer. I was a member of the board of trustees; and I believe a portion of the time, also, a member of the finance committee.

Q. Did you hold any other office in the company?—A. Yes, sir; I was elected vice-president.

QUORUM OF THE FINANCE COMMITTEE.

Q. Who composed the finance committee when you were a member of it, and state at the same time how many were required to constitute a quorum?—A. I think the committee was, when I was there, composed of Mr. Cooke, Mr. Huntington, Mr. Tuttle, Dr. Purvis, and myself; although I think some of the members had vacated at different times.

Q. How many composed the committee?—A. Five.

Q. How many constituted a quorum?—A. Well, I presume that three did. They very seldom all met with the committee—very seldom.

Q. You do not know then whether three or two constituted a quorum?—A. I do not; no, sir.

Q. Where were these meetings held while you were a member, and how often did they meet?—A. When I met them as a committee they were held at the Freedman's Bank.

Q. Did they hold regular meetings?—A. I think not.

Q. Well state how irregularly they were held?—A. I can say that I attended very irregularly. They may have been held regularly, but I think not—just as anything came up to be referred to the committee, I think.

Q. Can you tell me whether less than a quorum, assuming that there was a quorum, ever approved a loan?—A. That is more than I can say. I don't know.

Q. You have no recollection concerning it?—A. I cannot say.

LOANS MADE OUTSIDE OF FINANCE COMMITTEE.

Q. Do you remember any instance in which you approved of a loan that was given outside of the committee?—A. Yes, sir; I do.

Q. Will you state some of the circumstances that attended it?—A. I could not, except some particular case should be brought to my attention; but the actuary, Mr. Eaton, a man in whom I had the utmost confidence, would sometimes come to me to get my approval of some transaction which had been made by the committee, and I would sign it on his representation that everything was correct and right about it. I would sign, although I was not at the meeting when the thing was passed upon by the committee.

Q. Can you state any particular instance in which this occurred?—A. The particular instance I have in mind is one in regard to some additional security on the Seneca loan that I had forgotten all about for a long time, but afterwards I refreshed my memory about it; in fact, Mr. Eaton came to my place of business, or somewhere else, I cannot say now, and stated that these parties had agreed to put up additional security for that loan. I did not read the paper at all; and on his representations I approved the additional security. I do not remember precisely what the security was now.

Q. You signed it on representation and not from any examination you had made?—A. Yes, sir.

Q. You think, then, that that is the only case you can call to mind?—A. All I can call to mind. There may possibly have been some others that I might call to mind if my attention were directed to them.

THE LOAN TO R. P. DODGE.

Q. Well, have you any knowledge of a loan to R. P. Dodge on January 24, 1870, of $13,786.50; we shall be glad to get all the information you can give on that loan?—A. I have no knowledge of that whatever.

Q. You do not know anything about that; your attention has never been called to it?—A. No, sir.

By Mr. GARLAND:

Q. In relation to the other loan you spoke of, was Mr. Eaton particularly urgent to get you to indorse and approve it—this additional security, I mean?—A. I cannot remember distinctly now about his urgency in reference to it; but he represented it to me as additional security.

Q. And you do not remember now the nature of the security?—A. No, sir; I do not remember anything about that.

Q. Was it your habit, or the habit of those who acted with you in this business, to approve securities without knowing them, or examining them, or making some inquiry beyond the mere representation of others?—A. Well, we left that very much to the actuary to examine into. We were very apt to take his representation of things. Of course he was there under pay to do these things and to examine into them; and I know that I was very apt to take his assertions, as I had every confidence in the man.

Q. Was it the custom for each one of you to act separately, and not to have any consultation on these matters, or did he take your approval, just as he might happen to meet and to find you?—A. I know he has in one or two cases; whether there had been a previous meeting of the committee with reference to it I do not know. I know that sometimes he has come after me to approve transactions of the committee, and I remember on one or two occasions he came to me with regard to the meetings of the trustees; there was not a quorum there and he came to me and said, "I am going to enter you as present;" and he would tell me what was done.

Q. And you do not recollect now the amount of this new security?—A. No, sir; I would state that, personally, I never borrowed money from the bank; I was never interested directly or indirectly in any loans made there at all.

TRANSFER OF SENECA LOAN TO KILBOURN & EVANS.

By the CHAIRMAN:

Q. I will ask you, Mr. Clephane, if you have any knowledge of the transfer of the loan made to the Seneca Sandstone Company, to Messrs. Kilbourn & Evans? Do you remember that transaction?—A. No, sir.

Q. Will you please state your recollection regarding the agreement that was approved and signed by three members of the finance committee, yourself being one, with Messrs. Kilbourn & Evans, under date of December 30, 1871?—A. That is the one I have had reference to, the one I signed without reading; on representation that it was additional security, I signed it.

Q. I will ask you if you know anything about the purchase of $20,000 first-mortgage bonds, of what was called the Seneca Sandstone Company?—A. Not personally.

Q. You have no knowledge of it; were not connected with that transaction?—A. No, sir; not connected with that first loan. It was the

habit always of the actuary and finance committee to report all these loans at each meeting of the board of trustees for their approval.

Mr. WITHERS. But, as I understand, the board of trustees had no regular days of meeting; they were merely convened on call.

Mr. CLEPHANE. No; the finance committee, the trustees of the board, had their regular monthly meetings.

Q. They had their monthly meetings?—A. Yes, sir.

Q. And all the minutes of their operations were recorded?—A. Yes, sir; and very often there were special meetings also of the trustees.

COMMITTEE ROOM OF THE SENATE
SELECT COMMITTEE ON THE FREEDMAN'S
SAVINGS AND TRUST COMPANY,
Washington, D. C., January 17, 1880.

The Senate Select Committee of Investigation into the Freedman's Savings and Trust Company held its meeting in the committee room of the Senate Committee on Manufactures this day, at 10 o'clock a. m.

Present, Messrs. B. K. Bruce (chairman) and A. H. Garland.

TESTIMONY OF LEWIS CLEPHANE—*Continued.*

LEWIS CLEPHANE recalled and examined.

Mr. CLEPHANE. Before proceeding, Mr. Chairman, I should like to make a correction in my former testimony. I stated that the finance committee generally met at the bank; I remember now that it was before the bank building was built; their meetings were held in Mr. Cooke's bank.

By Mr. GARLAND:

Question. You were interrogated the other day, Mr. Clephane, upon some matters about which you had no recollection, and you were to take some time to examine into them. Are you now prepared to reply to those questions?—Answer. I am not prepared to reply to any special points.

Q. Were you not examined upon matters on last Thursday that you did not then recollect about?—A. I do not remember what they were.

THE AGREEMENT WITH KILBOURN & EVANS.

Q. You were interrogated the other day, Mr. Clephane, with reference to an agreement approved and signed by three members of the board of finance, yourself being one, with Messrs. Kilbourn & Evans, on December 30, 1871.—A. Yes.

Q. Can you now state your recollections as to that? Give us the history of it as succinctly as you can.—A. My only recollection about that is that Mr. Eaton brought that paper to me and stated that it was additional security for the loan made to the Seneca Sandstone Company.

Q. Well, that you stated the other day; have you no further information about that than that which you gave the other day?—A. No, sir; I signed it under that impression. I might state here that I ceased to be a member of the finance committee in March, 1872.

Q. March, 1872?—A. Yes, sir. I did not state that the other day.

Q. You did not?—A. No, sir.

Mr. GARLAND. I wish you would look at these interrogatories and see if you were asked concerning them all, and if you come to any questions you know were not put to you, you may answer them now so as to shorten the examination as much as possible.

Mr. CLEPHANE. [Reading.] Question marked 21 was not asked me. It is this: "Q. Did Kilbourn & Evans pay or receive anything on account of the loan under date of June 2, 1872, for $50,000?" I know nothing whatever in regard to that.

Q. You have no information in regard to that?—A. No, sir.

Mr. CLEPHANE. "Question 22. Was this loan subsequently again transferred to the name of the so-called Seneca Sandstone Company?" That I have no knowledge of.

"Question 23. Seven days after this loan was transferred to Kilbourn & Evans and the signing of the agreement, it appears, from the receipt of Mr. Kidwell, that the bonds passed out of the hands of the bank, and when the loan account is again put on the books, to the name of the Seneca Sandstone Company, these bonds still figure as security. Please explain how this could happen?" I have no knowledge whatever of that.

Q. You cannot give any explanation of that?—A. No, sir; none at all. [Reading.]

"Question 24. Did you ever indorse notes for any person upon which money was obtained from the bank as loans?" I am not aware of and do not remember of any. It says here: "If the answer is no, see report in schedule for cases where it was done." I do not remember any such cases. No, sir.

Q. You do not?—A. No, sir; I certainly never did. It may have been on some notes that got into the Freedman's Bank, but by no action of mine. Some of my notes may have been discounted there, but not to my knowledge. If it would be in order I would state that in looking over the Douglas investigation I find that I am put down as belonging to several companies which made loans from the bank; one is the American Seal Lock Company, another the Abbott Paving Company. I had no connection whatever with any of these companies, and know nothing in regard to them.

By Mr. GARLAND:

Q. Just state in that connection if you had any connection at all with any company, not only those mentioned, but any others that made transactions with the bank.—A. No other company except the Metropolitan Paving Company, and, as a company, I don't think we ever borrowed anything from the bank. The stock may have been put in as collateral securities from other parties, but there is nothing from the company.

Q. You were not interested then directly or indirectly in any of these transactions?—A. Not at all.

Mr. GARLAND. That is all I have to ask you at present.

By the CHAIRMAN:

Q. You were asked, Mr. Clephane, to look over the records when you were last before us; have you done so?—A. The records themselves must tell; I could not of my own knowledge say anything more.

MR. PURVIS'S STATEMENT—*Continued.*

WASHINGTON, D. C., *January* 17, 1880.

Mr. PURVIS:

Mr. Chairman and gentlemen of the Committee: I feel that I owe it to you, Mr. Chairman, and to the members of this committee, as I owe it to myself, to say, by way of apology, that if, under the aggravating circumstances, I was betrayed, on Thursday last, into the use of any speech that would seem improper, I regret it for your sake and for my sake. I shall ask—and I am glad that in all fairness, for that s all I desire, and my reputation is dear to me, dearer than life—that you will allow me a full opportunity to meet this sneaking assault that has been made upon us. I characterize it as such. Mr. Creswell, who is also held up to public odium, or to the odium of this committee, was asked if he knew of these charges alleged, and the response was, that he did not—certainly not. We will show you, sir, in the course of this investigation in regard to this person (Mr. Leipold), that it is but characteristic of him in his course of action. I was obnoxious to this man. I was in his way. I had discovered that he was untruthful. I had discovered that he endeavored to secure this trust with all its vast interest; and that he speaks impertinently—I will say, as is characteristic of him—of these people, and of his not having come here to make sacrifices for them; and I will show you that I have discovered not only his untruthfulness, but, gentlemen, if you will allow me, that he has also been guilty of an act of perfidy so treacherous that there is no parallel in the scope of my experience of bad men and bad acts. It will come in very due time.

PERSONAL PRESENCE AT THE BANK.

He charges that for a very large portion of the time Mr. Purvis was in Philadelphia. Now I came reluctantly here. I had a sick wife; but notwithstanding her condition, and with her consent, I offered my services, and they were accepted by the commissioners, to go south to look after the interests of these depositors, and went, as I stated, as far south as Florida. I made a subsequent trip at the instance and at the request of the commissioners, as far as South Carolina, doing all that I could do, up to the measure of my humble ability, in the interest of these depositors. In the year 1874 we declared a dividend; and the charge is (for it has been stated here), that even in the mere mechanical duty of signing checks which Mr. Creswell and myself did, it being required by the law that two of the commissioners should sign them—the charge is, that I have been wanting in attendance at the bank. The fact is that for the purpose of performing that which to me was somewhat of an onerous duty, involving a continuous labor for more than two months (for there were thousands and tens of thousands to be signed), that I found it necessary to have these checkbooks, during a great part of the time, perhaps about one-half that time, on account of the condition of my family, sent to me. They were signed however. There was no delay, and then I would go back and forth to the bank. In 1876 I broke up my housekeeping and stored my things, hoping to be released from the duty of commissioner by securing from Congress such legislation as would release me (for we had desired all along to be released), and as the word goes, I was solidly here, a resident of this District, signing under the eyes of that man the thousands

of checks at the little desk at which I sat, with the exception of one or two, or three or four instances at most, when I would take some of the books at home to labor upon at night until eleven or twelve o'clock, so that I might promptly complete this work. But I was for the entire two years, nearly, here in the District of Columbia, and signed every check. I had no home but such as I found here. Besides that, I attended to a part of the duties of meeting hundreds of our poor depositors, and I did this, not by rebuffing them and curtly replying to them, which was the manner that characterized this individual, but by exhibiting the manners and habit of a gentleman; for I felt that we were but servants of these people, paid by them for services rendered them, and I could not therefore treat them with the discourtesy with which he always treated them, but I endeavored to do my duty towards these depoitors by identifying them and talking with them in my way, and after the manner and breeding of my life.

But I ought to go back. In 1875, Mr. Creswell, as has been intimated, was counsel in the Alabama Court of Claims. He also gave his attention to the bank and to his duty as commissioner, as it seemed to me. He always responded cheerfully and with alacrity to any demand made upon him. And I wish to say, since Mr. Leipold has stated that the labors of the bank were always upon him, that Mr. Creswell supplied him with all that he needed in the shape of clerical help. He had a man, his superior by education and birth, in the person of Mr. Sperry; he had the actuary, who could tell the ins and the outs of all the notes that were negotiated, so that this burden of duty was divided. He could never have got along without it. And therefore, he was not left in the condition that he would make it appear, as if the whole of this matter was upon him. When a subject of any importance came up, we had the benefit of the large experience of Mr. Creswell. These matters were all submitted to him, and literally no sum of money was ever paid, but we all gave expression to our opinion, and exercised our judgment as commissioners in regard to the matter.

DISAGREEMENT CONCERNING THE ACTUARY.

And here I am willing to relate a single instance. When we found that the last actuary had been guilty of some irregularities, I formally demanded his discharge, though it was not done immediately, and for the reason that we wanted his services. He was allowed to sell property (and Mr. Creswell happened to be present and will vouch for what I say), and it was agreed that he should have a certain percentage for the service. A certain amount was to be retained by him, for which we could give him credit in the payment of his debt to the bank. I came in in the morning, on the occasion I refer to, and found that Mr. Leipold had said that for the sale of some property on which the commissions amounted to about one hundred and forty dollars (they were lands sold to the Agricultural Association of this District), Mr. Stickney should have the whole amount less $25, that should go to his credit on account of his indebtedness. Mr. Creswell had concurred. I came in. I have a conscience and a judgment. I meant no offense to any one. I simply stated that I thought that Mr. Stickney (writing out my views), would be glad of an opportunity to pay, and I thought he ought to have given us the whole amount, or at least if his necessities were such he should have the $25, and the rest go to us for the benefit of the depositors. I wrote that. Would you believe it, gentlemen? Simply for writing that, this man—and that is his custom purely from affectation, for he is a

great actor—jumped up, threw his hands violently about, and got into a spasm.

Mr. LEIPOLD (interrupting). It would be difficult for any one to be more spasmodic than you are at this moment, wouldn't it?

Mr. PURVIS (resuming). When Mr. Creswell came in, he made this remark, "Why, Mr. Purvis has a right to his opinion." Now, I would just halt here to ask—and I think I have never said a word to Mr. Creswell about this matter since—do I represent or mispresent that matter, Mr. Creswell?

Mr. CRESWELL. Your statement is substantially correct.

Mr. PURVIS (resuming). Well, that is the man that we have to deal with, and we shall bring you abundant testimony when the time comes, to show you his true character.

THE EXTRA COMPENSATION.

In reference to this proposition of $250, the impression he intends to convey to your mind, gentlemen, is that it was given by us for duties that we were shirking, and that he was performing. There was about him a snivelling whining about his poverty, as I represented to you before. There was, however, a faithfulness in the discharge of his duty, and he cannot compel me now, notwithstanding I despise him, to detract from that.

Mr. LEIPOLD. That is the point.

Mr. PURVIS. Like a blind horse, he is accustomed to going around in the mill, and he could not help it. He did his duty—nothing more, nothing less. For that he importuned his appointment; for that he was appointed.

Mr. LEIPOLD. I did my duty. That is the point. Did you yours?

Mr. PURVIS. Mr. Creswell, as I understood it, from generous impulses as I felt it, proposed giving this man by reason of his faithfulness, and by reason of his so often complaining of his poverty, $500. I suggested whether he had not better make it $250 for six months, and $250 for six months thereafter. I responded to the proposition at once. My son, who is wiser than I, said "You are making a mistake about this. You are doing all your duty and making an immense sacrifice by being here, and it is not required of you to do this thing." I would like to say here, gentlemen, although I do not wish to speak of myself too often, that when this bank was opened I looked upon it as a great educator of these people with whom I am identified. I invested a large portion of my property in taking their notes to aid it, and, if possible, to save it from destruction, advising at the same time that my son, through whom this was effected, should receive no pay for his services. They were allowing a large discount in that way, and for the purpose of collecting some money for the payment of a dividend, I took about $27,500 of their notes, many of them perfectly safe, while some of them have given me great anxiety from loss, and if to-day they should attempt to foreclose I should be a loser of several thousand dollars. It may not be so, but it has certainly given me great anxiety. One of the properties has had to be foreclosed, and it has come into my hands.

Mr. CRESWELL (interrupting). All that was before you became commissioner?

Mr. PURVIS. O, yes, before we became commissioners. It was one of the things that, perhaps, induced these gentlemen to select me as commissioner. I don't know how far that may have operated; perhaps that did not do it. They knew my life, though.

As to that money, we gave him $500. I had no idea what Mr. Creswell had written; my letter did not bear that interpretation. It bears simply the interpretation that $250 were paid on the 1st of July, and $250 on the 1st of January. You have the letter before you. I didn't know the contents of the letter until I read it just now. I kept no copy of it. I thought that that was to end it; but I soon saw, however, that this was an attempt to blackmail me. I soon saw, when the $250 came to an end, that the same spasms began to ensue. It was then he says that "Purvis became more bold and offensive."

Mr. GARLAND. Mr. Purvis, before leaving the matter of the payment of the $250, I would like you to state exactly just what your view was of the consideration for which that sum was paid Mr. Leipold.

Mr. PURVIS. So help me God! purely as a benefaction; with no idea that I was not doing my duty. I was doing more than my duty. The extra duty which seemed to devolve upon him was meeting these people that came in. It was part of my duty, and looking after the interests of all this property was an extra duty imposed entirely upon Mr. Leipold, to which he again drew my attention. I refer to that and nothing more. I want you to bear in mind (addressing Mr. Leipold), that I demand to know what special duty was assigned me. None. There was no special duty assigned me. He never marked out for Mr. Creswell and myself what we were to do; but over and over again we have said to him, "Is there anything we can relieve you of?" And we have done it.

Mr. LEIPOLD. Well, how was it about these properties on our hands?

Mr. PURVIS. When a large number of these properties came into our hands, Mr. Creswell and myself devoted ten days, I think (it certainly was a week), to a critical examination of them. I have over and over again done the same thing upon my own motion, without any request, and have been willing to do it at all times, and did do it.

By Mr. GARLAND:

Q. You do not admit, then, Mr. Purvis, that you are in default in your duty to the amount of the $250 you paid him, as compared with the whole salary you received?—A. Not a particle, sir. I consider that I have done more than I expected to do; and evidence will be given to prove this to you, sir, by those who can be summoned here.

Q. The $250 was for extra service put upon Mr. Leipold for seeing these parties and attending to the details of the work, was it?—A. Yes, sir; and I was doing whatever I could to meet persons who were coming in to make their inquiries, not taking them off shortly; for I wish you to understand that Mr. Leipold had set up this opposition and he naturally went into it; he doesn't like to be crossed; he don't like a suggestion; he is a man extremely personal, and you cannot make a suggestion that he will approve, if it does not emanate from himself; and when he is crossed in his purposes or views, he gets mad and exhibits it at once. He did just what he wanted to do; had pretty much his own way in the management of affairs. I was willing to help him, as I was here two years solidly in this District. I had no home but what was here (although it has been asserted that this was not the case). But when the time comes, Mr. Chairman, I will endeavor to show you the character of this man in the act which I have referred to, and which he does not know, perhaps, that I know.

PERSONALITIES DEPRECATED.

The CHAIRMAN. I will say, sir, that all we want or have ever desired,

was simply to understand how this trust was administered. I have no doubt that Mr. Leipold, in the first instance, traveled outside of the limits which we expected of him; and I take it that Mr. Purvis has done the same. We will be obliged, however, to limit this investigation of the commissioners, for the reason that we have a number of gentlemen here whom we are paying for attendance as witnesses. The commissioners we have with us always; these gentlemen we have not; and while I would not do injustice to anybody, yet it is plain to see that if this goes on, we will not be able to get through with this matter for two or three days. So I suggest that, without doing injustice to anybody, we limit the scope of this investigation touching this particular matter of the commissioners.

Mr. GARLAND. Yes; and the difficulty is, when gentlemen get into this condition, you do not know where they are going to land; and it is quite likely the testimony will have to be purged in some of its particulars.

The CHAIRMAN. Gentlemen, we would not like to see in the record things which you yourselves would not like to see there. We propose to be just. We do not propose to hear one side and not the other, but to have our attention called simply to the facts. We would like to get at the facts of the case, and will ask you, gentlemen, to deal in as few personalities as possible.

Mr. LEIPOLD. Of course, after this extraordinary language of Mr. Purvis, the committee will certainly give me an opportuniy to say something in reply.

Mr. GARLAND. Well, let Mr. Purvis get through first.

The CHAIRMAN (addressing Mr. Purvis). I do not wish you to think that I intended to cut you off.

Mr. PURVIS. Well, I have to say further, that this report (alluding to a newspaper article concerning the commissioners) has gone out unto the newspapers—very likely through this fellow.

Mr. LEIPOLD. I deny it.

Mr. PURVIS. Well, sir, I have written this in reference to the subject:

SIR: The letter addressed to the Hon. B. K. Bruce, by R. H. T. Leipold, is so palpably insolent and scurrilous, and so malicious in its detraction as to demand no further notice than to say that it is but a repetition or renewal of what he has before said when under the exhilarating influence of an ambition which unfortunately overleaped itself in a fruitless attempt to carry out a cherished and itching desire to have placed in his hands the entire management of the affairs of the Freedman's Bank, by underrating the services of the other commissioners. Foiled in this attempt he became alarmed with the disclosure of a secret purpose, as commissioner, to secure counsel fees, which he calculated would be in the aggregate some forty or fifty thousand dollars.

I call your attention, gentlemen, to the testimony of A. M. Sperry, found on page 161 of the report of the select committee of the House on the Freedman's Bank—the committee of which the late Hon. Beverly Douglas was chairman. He was then compelled, under oath, to take back the words of detraction he had uttered in the following testimony, on page 170 of said report. I give you his words verbatim:

Mr. LEIPOLD. I took back nothing.

Mr. PURVIS (reading):

If the inference created by that testimony was that the other two commissioners never rendered any service, it does them great injustice; and I have never meant to intimate any such thing. I do wish to say that from my understanding of the matter——

And I wish to call your especial attention to this:

both Mr. Creswell and Mr. Purvis did all they undertook to do, originally, when the matter was discussed before the board of trustees who elected them.

This is a sufficient comment upon that document; and then he says:

And they have both rendered services, and very important services.

Now, sir, I submit that I have nothing more to say on that.

By Mr. GARLAND:

I want to ask you a question or two, Mr. Purvis. There seems to be considerable ill-feeling between you and Mr. Leipold, one of the commissioners with you. Did that feeling originate about any matter connected with the institution, or the management of it?

Mr. PURVIS. I was in his way. I came here as commissioner to represent those colored people whose confidence I have.

ALLEGED ATTEMPT TO DISRUPT THE COMMISSION.

We had been approached, and I had been approached, by gentlemen representing the trustees, desiring to know about the attempt that was made to disrupt this commission. I learned that it was an attempt in a covert and sneaking manner to abolish this commission, in order that it might go into the hands of this gentleman. I will give you the first instance I knew of it. He had evidently wormed himself into the good graces of Mr. Durham, from Kentucky, I believe——

Mr. LEIPOLD (responding). Yes, that is the gentleman.

Mr. PURVIS. (Resuming)—who reported a bill and urged it, that there were two commissioners who were doing very little or nothing, and he passed a high eulogy upon this gentleman, and said that he hoped a change would be effected, and that the management of the institution ought to go into the hands of one commissioner. My friends, Mr. Randall and Mr. Kelley, and gentlemen who knew me and who knew something of this bank, and who represented to some extent the depositors in the branch at Philadelphia, made a reply, in which, from their kindly feelings toward me, they made reference to myself in terms highly commendatory, perhaps more so than I deserved. I was not aware of it; I knew nothing of it; I knew of the fact; and when the vote came, we blew them out of the water. There was not a baker's dozen, literally, to sustain the bill. When he came into the bank the next morning, this man exhibited one of his usual spasms, and insulted me by saying, "You seem to be the only honest man in Washington!" I did not know what was the matter, or what was up. Mr. Sperry then came up and showed me the official organ, The Record, and there I saw that my friend Mr. Randall had said some very complimentary things of me—as knowing me. He asked in his speech, "Who is this Leipold?" Who is he? That is what we ask. You will see it in his speech.

Mr. LEIPOLD. Did Mr. Randall ever make a speech on this subject?

Mr. PURVIS. O, yes.

Mr. LEIPOLD. I never saw it.

Mr. PURVIS. O, yes. He made some remarks that were offensive to you—that excited your ire, because they were complimentary to myself. I thought it was Mr. Randall. There were Mr. Randall, Mr. Kelley, Mr. Monroe, and several of them. However, that was the beginning of things. We felt—pardon the egotism (in deference to becoming modesty)—we felt that we had the confidence of these people, who had been outraged in many respects, and that even if we gave our presence, we should give something to this matter. We had been sneeringly held up as simply "contributing our eminent respectability." But these people wanted that. I met people in my own city, and they

would say to me, by way of compliment—and I had to disabuse them, for I have always been ready to give this man full credit—"If it was not for you we would not have got a dollar." It was this that helped to give them confidence that the affairs of the institution would be properly managed. And I may say that the selection was made with reference to that. The object was to get two substantial men known in the community—men of character, men of pecuniary ability. This was due to these depositors. I do not wish to reflect upon the honesty of Mr. Leipold.

Mr. LEIPOLD. He has done so.

Mr. PURVIS. O, no; I said, in regard to that perfidious act, that its honesty or dishonesty will be shown. I have given him credit everywhere and at all times for the faithful discharge of his duty, but nothing more than his duty.

Mr. LEIPOLD. I do not claim more than that.

Mr. PURVIS. But he had to admit under oath that we did ours.

Mr. GARLAND. State what matter you can call to mind, in the management of this institution, in which you crossed Mr. Leipold.

Mr. PURVIS. That is an important matter. I was opposed to his maneuvering to disrupt this commission, with a view of having it drift into his hands.

Mr. GARLAND. Was there nothing else in the management that you crossed him in that brought about this ill feeling?

Mr. PURVIS. Yes, sir.

Mr. GARLAND. State to this committee anything you can call to mind in respect to that.

EMPLOYMENT OF JOHN H. COOK AS COUNSEL.

Mr. PURVIS. Yes, sir. Gentlemen, it is characteristic of a class of people, not natives of our country, who come to this country—very soon, from a spirit of hostility (and no man can speak better of that than those who are victims of their persecution), to find, by hard scratching, some who, by public sentiment, are held as being beneath them and to persecute them. There was a man, by nature, sir, a gentleman; by education fitted—and he was so deemed by the trustees of the bank—to be their counsel; a young man, pure, sterling, ambitious, honorable. That man desired to be retained as counsel. Mr. Leipold, without consulting me—for I did not know it—had secured as his counsel for the bank a gentleman by the name of Totten. This young man called upon me immediately, as it turned up from Mr. Totten's testimony—or at least very soon after I was made commissioner—and he was retained as counsel. I do not wish to be understood even by the remotest implication to reflect upon Mr. Totten. He has done his duty faithfully; and the only criticism I have to make upon him in the discharge of his duties is the enormous charges he made for fees.

Mr. GARLAND. Was he competent for the duty?

Mr. LEIPOLD. Yes, sir; fully competent. There was no question as to that.

Mr. PURVIS. But my inclination and desire were, without asking any favor, but simply upon real merit, that this young man might have at least a share of the business of the concern, in its settlement. My son will narrate the circumstances, but it is not necessary. He called upon me. I said to him, "Address the commissioners and I will arrange your appointment." And when the appointment was made, he (meaning Mr. Leipold) showed his pettishness. And here I ought to state a fact

from which you, as well as myself, may now form an estimate of him. And that is this: Mr. Creswell declared that he was unwilling, as Mr. Leipold did, to commit himself to the appointment of any one man; that their duty lay as they saw it, and truly, of course, in securing the services of a man that they thought would best do the work. They assumed that ground; but there was more than that. There was no need of this man's getting into a spasm, or using the violent and abusive language which he used, all of which will be shown, if necessary. But there was this prejudice against this poor, honest, and honorable man, and an act against him so perfidious that I think you will say it is without parallel.

INTERLINEATION IN THE LANDLORD AND TENANT NOTICE.

Among the little matters that were given him was a request to notify a tenant who lived in one of the properties belonging to the bank, who was in arrears of rent and would not pay his rent, that he must vacate. In the usual form of a notice to quit, this young lawyer, Mr. Cook, was requested to notify this party to quit, and he served a similar notice, as the law requires, upon the magistrate. This tenant had demurred; he set off the fact that he had a contract with the trustees, and he was going to give us trouble. The case came on. I went to the magistrate's office with Mr. Leipold. I was called out before the case was decided, and went away, and could not return. It was not necessary. I was there merely as a looker-on, at any rate. The next morning when I came into the bank, as I was wont, to ask about what was being done, or what was to do in affairs of that kind, of which I had some knowledge, I said to Mr. Leipold, "I suppose the court's decision was for us; that fellow will go, won't he?"

He sprang to his feet and beat the air, and said he, "It would have gone for us if we had had a man who was competent for this work." "Why," said I, "What is the matter? Why such violence? What is it?" "Well," said he, "we have been obliged to submit to a nonsuit." "And wherefore?" I asked, "Well," he said, "there was not an exact transcript—an exact copy—served upon the magistrate; exception was taken to it because there was an interlineation in the document; and we have to submit to a nonsuit, and all this work will have to be gone over, with all the expense attending it." I felt sorry, because I was anxious that this excellent young person should succeed in life. I thought it was one of the mistakes he had made, and that he had needlessly interlined the notice; so I went to him. He had an office in a building adjoining the company. I called his attention to the matter. He was such a cautious man—a man so cool and calm, and a man of such judgment, and a scholar withal, for he had taken the highest degree in the college from which he graduated, that I thought it strange he should have made such a mistake. When I brought the matter to his attention, he said, "Why, I never did anything of the kind." "O," said I, "you must have done it, because I have just been informed that we were obliged to submit to a nonsuit in consequence of your interlining or interpolating in the notice what was unnecessary." Said he, "I will send for a copy to the magistrate." And he sent for it. When the copy was procured, I saw the interlineation of the unnecessary words, and I saw that it was in the handwriting of the man who sits there. (Pointing to Mr. Leipold.)

The CHAIRMAN. In the handwriting of Mr. Leipold?

Mr. PURVIS. Yes, sir. But to make sure, I called Mr. Sperry to me—

although it was not necessary, for I knew the handwriting myself, it was so peculiar—and I said to him, "Whose handwriting is that?" Said he, "Why, a blind man could see that it is Mr. Leipold's." But to make the thing beyond all question and doubt, a young man who is in the office with Mr. Totten said that he was cognizant of the fact that it was Mr. Leipold's handwriting upon that paper. Then said I, "Gracious God! am I in relations with a man who, for the purpose of serving a malignant bitterness and prejudice, would commit such an act himself, and then charge it against another?" It was diabolical!

This is the perfidy of which I spoke, sir, and that is the man that did it.

The CHAIRMAN. Have you had any conversation with the commissioners touching this paper?

Mr. PURVIS. No, sir; for the reason that we, in obedience to this young man, Mr. Cook, who has gone to his account, made the request that he did not wish this thing to be brought up as a charge; and for my own personal comfort and convenience I made no charge, although it was a hard matter for me to keep it down.

ALLEGED VIOLATION OF CHARTER BY TRUSTEES.

But that is not all; there are other things. I can tell you of another thing, and how we met it. Upon one occasion, not a great while ago, he said, "When the proper time comes, I am going to show that some of these trustees violated the confidence that was reposed in them; that they have violated that provision of the act of incorporation which does not allow any accommodation to any of the trustees, either directly or indirectly, in the bank." I said I was not aware of any persons having been benefited—that is, the trustees—in any way; and I demanded of him at once the proof. He was telling this to a trustee, too, to whom it was new. The first name he gave was Dr. Purvis, my son.

Mr. LEIPOLD. That is the trouble.

Mr. PURVIS. I said to him, "Why, sir, it astounds me. My son guilty of a dishonorable act! Impossible! In the absence of proof, I demand the proof." He said, "The time will come when I will show it." Then said I, "In the absence of proof, you are a liar."

And now I will prove it. After having taken nearly twenty thousand dollars of the notes of the bank, at a time when it wanted money to enable it to meet its demands, I wrote to my son—it was all done by writing—to know whether he could help me to raise any more money to take a smaller note of the bank of two thousand dollars. I had fifteen hundred dollars that I could spare. (I wish to say in regard to the larger sums that I loaned, that I sold city loans at par that are now bringing 20 per cent. premium, for the purpose of doing that thing; they were city loans of Philadelphia.) I wrote to my son, saying, "I have but fifteen hundred dollars; could you loan me five hundred?" He went to the actuary, who is here, and proposed giving him seventeen hundred dollars, two hundred of which he had, and three hundred in addition, a due-bill for his services as professor in Howard University, thus making up the two thousand dollars.

The CHAIRMAN. Was it a due-bill or a note?

Dr. PURVIS. It was a note.

Mr. PURVIS. Well, a note drawn to his order. After lending me that money, the $200, and the $300 note, the loan was made to the bank. It was an accommodation on my part to the bank. There was no possible risk in it—Howard University, with a million of property to back it,

and my son's ability to meet it, and my own if anybody questioned it. And that was the accommodation that my son gave. When I came to the bank the next day, I called him out, and I think I asked my son about it. Said he, "No; I never did anything—never indorsed any note—don't know anything about it." He had to go to the actuary; and then this thing that he had forgotten that he had done for the accommodation of the bank was brought up. There was no difficulty about it. Only three or four weeks ran, and it was paid; and if it had not been paid I should have met it. I called him out, and this fellow, putting on a smiling face, said, "I knew you could explain it away."

Mr. CRESWELL. You gave so much money and a note to take up a loan previously made by the bank to another party. How much money did you give?

Mr. PURVIS. Seventeen hundred dollars.

Mr. CRESWELL. And you gave this note for $300?

Mr. PURVIS. Yes, sir.

Mr. CRESWELL. And that note remained how long in bank?

Mr. LEIPOLD. Over a year, and it was not paid at maturity.

Mr. PURVIS. I do not know how long; it was for the bank's accommodation.

Mr. CRESWELL. It was ultimately paid?

Mr. PURVIS. It was paid, certainly.

Dr. PURVIS. Allow me to interrupt you a moment, please. I took up a note for $200, which paid 10 per cent., and this note given me by Howard University for $300, which also bore 10 per cent. interest. I indorsed the latter so that it was payable to my order; I was thus $500 out, until I was paid.

Mr. PURVIS. That was the charge.

The CHAIRMAN. (To Mr. Purvis and Mr. Creswell.) You accept this statement, gentlemen?

Mr. PURVIS. Yes, sir.

Mr. CRESWELL. The statement is correct.

Mr. PURVIS. These were some of the causes that led, sir, to that state of feeling between us. And now, gentlemen, I implore you, I entreat you—for there is such a thing as a man's self-respect and personal dignity—for God's sake, do let us out of this!

THE EXTRA COMPENSATION TO MR. LEIPOLD.

The CHAIRMAN. Mr. Purvis, you paid two hundred and fifty or five hundred dollars to Mr. Leipold, I understand—five hundred in all, I believe—and at intervals of six months?

Mr. PURVIS. It was my proposition to Mr. Creswell to divide the time of payment. I never knew that there was an intimation of a continuation of it. It was a gift, a benefaction; and when the money came to be paid, I sent it by my son, and I had no fault to find with it.

And I will say here that Mr. Leipold was engaged at $10 a day, continuous service for two months, in the Treasury of the United States, in counting money.

The CHAIRMAN. Since he was a commissioner, do you mean, or before?

Mr. PURVIS. No, sir; since he was a commissioner. We were glad of the respite. I was away and he chose to remain where he did. If I recollect, in one of his spasms (you do not see them here; I wish he would give you a specimen of them!) he so outraged Mr. Creswell, that when he said, "I want to go," Mr. Creswell said, using very emphatic language, "Well, go!" I only tell you this to show that we

wanted him to go. And when he did go away to spend his summers, I know that at any time he wanted to go, we should have gladly let him off, while we remained here for the purpose of having general supervision.

Mr. GARLAND. If Mr. Creswell desires to make any explanation here in reference to the statement that Mr. Leipold has made, it would be well, perhaps, to take the opportunity now.

Mr. LEIPOLD. Of course I shall be glad to hear Mr. Creswell's statement, but Mr. Purvis has traveled over so much ground that it will be difficult for me to keep track of it all.

Mr. PURVIS. Mr. Leipold made his statement at full length.

Mr. LEIPOLD. And I stand by that statement word for word.

The CHAIRMAN. Of course we desire that each side should have an opportunity to be heard.

MR. LEIPOLD'S REPLY.

Mr. LEIPOLD. There is just one suggestion, if you will permit me. I think Mr. Purvis misapprehends the purport of my statement. It certainly cannot be considered as an attack upon any of these gentlemen. They have assumed, and he has not denied, here before the committee, that I was the "working man"; that at the meeting of the board of trustees, when I was elected as a commissioner, I said that I was a working man; and that they were selected by reason of their standing and position. There is nothing whatever in my statement to contradict that position. The only thing that I say in this statement is, that I have done the work. I do not charge them with doing it.

Mr. GARLAND. You heard the explanation of Mr. Purvis as to the matters in which he said that he had crossed you, and brought about this difficulty. What have you to say in regard to them, Mr. Leipold?

Mr. LEIPOLD. I do not admit that they are properly stated.

Mr. GARLAND. You have a right to make your explanation. The first is about your trying to get the commissioners ousted—as to Mr. Durham's bill to effect that. What have you to say on that point?

ALLEGED ATTEMPT TO OUST THE COMMISSIONERS.

Mr. LEIPOLD. I have never heard Mr. Purvis, until this moment, refer to any attempt on my part to oust the present commissioners at the time to which he refers. The first time that I became aware that I had displeased Mr. Purvis was after Senator Bayard had offered a bill to provide, among other things, that the affairs of the Freedman's Bank should be transferred to the Treasury of the United States. I had occasion to go to the Treasury Department, where I am well known, and where I have served a number of years in important positions, and I asked Mr. Knox, Comptroller of the Currency there, whether he had seen Mr. Bayard's bill. He said "Yes; but I do not know that I want to have anything to do with the Freedman's Bank. Has the Secretary seen this bill?" Said I, "I don't know, sir." "Well, you had better show it to him." I thereupon went to the Secretary—the present Secretary of the Treasury, and called his attention to Senator Bayard's bill, and he said to me, "O, this must not be done. I do not want the department to have anything to do with this matter. You go and see Senator Bayard for me, and say to him that this must not be done. If there must be a bill passed, let it be a bill providing for the closing up of the Freedman's Bank, under the national currency act, giving the Comp-

troller of the Currency the appointment of a commissioner or receiver." I went over to the office, sat down and wrote a letter to Mr. Bayard, stating that the honorable Secretary of the Treasury desired me to say to him thus and so, repeating the language, as nearly as I could remember it, that Mr. Sherman used. Whether it was before I went to the Capitol that I exhibited that letter to Mr. Purvis and Mr. Creswell, or whether it was afterwards, I cannot now tell; I did show that letter to these gentlemen.

Mr. CRESWELL. Just as you did the one you presented here the other day—afterwards.

Mr. LEIPOLD. Afterwards; very well. Mr. Purvis took exception to my acting in the matter. He said that I had no business to come out and write such a letter without consulting the other commissioners. "Well," said I, "there was nothing in it. Mr. Sherman asked me, and I so stated in this letter, that Mr. Sherman asked me to do this." That was the first manifestation I had of any ill feeling on the part of Mr. Purvis—Mr. Robert Purvis. He had before that time, as he did before the Beverly Douglas committee, stated in the most emphatic language, as he did here to-day, that I had done my duty, and all that sort of thing. The matter went on for a few days, and I don't know what brought out the conversation, but in a conversation that I had with Mr. Purvis with reference to that bill, he then intimated that it was an attempt on my part to secure that place, and that I was utterly unfitted for it. "Why," said I, "Mr. Purvis, either the position you now take, or the position you have heretofore taken, one or the other, must be false." That is, he had always previously complimented me by saying that I was the best man to successfully close up the business, and now he was saying that I was utterly unfit.

SHOULD THE TRUSTEES BE CONSULTED IN THE APPOINTMENT OF COMMISSIONERS?

That was the first time I knew there was any hard feeling on his part that I now remember. Subsequent to that time Mr. Purvis took the position, that in any change that might be made in the winding up of the Freedman's Bank, in the *personnel* of the commissioners, the board of trustees ought to be consulted. Mr. Storam came in, the trustee that he has referred to (and I have no hesitation in having him called to testify in this matter, as I have never spoken to him from that day to this about it), and Mr. Purvis went on to say to Mr. Storam—referring to this act of mine in interfering with the legislation up there (and he spoke in rather spasmodic language; he attributes to me spasms, but he has exhibited several here to-day)—he said to Mr. Storam that no legislation should go through that did not recognize the trustees and the rights of those gentlemen in the premises. I turned around, although not addressed, and said, "Well, Mr. Storam, I do not agree with Mr. Purvis in that matter; there are some things here about some of the trustees that I do not think would make them the proper parties to consent to any change or to have anything more to do with the institution." Mr. Purvis came up and in emphatic language demanded, "What do you mean, sir?" "Well," said I, "a number of these trustees have certainly violated that part of the charter which forbids them from making loans and having an interest in them, either directly or indirectly." Said he, "Who do you mean?" "Well," said I, "Dr. Purvis is one of them." And thereupon he said, "You lie." Said I, "Mr. Purvis, I have

here the report that you have put your name to and that will be the proof of that assertion." And here it is, gentlemen. It is the commissioners' report of December 14, 1874. Upon referring to it you will find that Dr. Purvis discounted a note to his order drawn by J. B. Johnson, treasurer of Howard University, dated April 21, 1874, for two hundred and seventy-five dollars and forty cents, and in the column of remarks, "This note was endorsed by C. B. Purvis."

Dr. PURVIS. What report?

Mr. LEIPOLD. The commissioners' report of December 14, 1874; and the books of the bank show that.

Dr. PURVIS. I do not then know how the note came into the bank.

Mr. LEIPOLD. The books show that it came in as any other note came in, and was cashed to Dr. Purvis. The note was drawn for one year, and was not paid at maturity; that was in April, 1875. I called attention to it, and then it was paid.

Mr. Purvis then said, "Do you mean to insinuate or to assert that my son has done anything dishonest in this matter?" Said I, "I mean to assert nothing but the facts; here are the facts in this report." Having called me a liar, I could not with any decent respect for myself consent to have any further communication with Mr. Purvis. I have not had from that day to this, except once, and that was about some trifling matter, in which he used some language to me similar to that which he made use of the other day, and which I cannot reply to, as I do not choose to degrade myself by replying to any such language.

Mr. PURVIS. I wish you would tell it.

PUTTING UP THE NOTICE FORBIDDING SMOKING.

Mr. LEIPOLD. Well, it is too trifling and absurd a matter.

Mr. PURVIS. I will tell it, then.

Mr. LEIPOLD. It is something about smoking; I will tell it.

Mr. PURVIS. It has a great deal to do with the management of the bank.

Mr. GARLAND. If it is connected with the management of the bank, tell it.

Mr. PURVIS. Yes, sir; it was a simple request for gentlemen not to smoke in the room, because it annoyed me very much.

Mr. LEIPOLD. Well, I will tell the circumstance. We had just moved from the old banking house into the new quarters at the corner of Fifteenth-and-a-half street. Gentlemen, the labor of that removal, which was very onerous and very disagreeable, devolved upon me, in the absence of these two gentlemen.

Mr. PURVIS. That is, you had it done.

Mr. LEIPOLD. I superintended it, and the employés of this committee know about it. We had gone into the new quarters; Mr. Purvis, who paid no attention whatever to any of the details, had nothing to do with the supervision of this removal, nor had he anything to do with the renting of the other premises, because that was done in his absence, as a great many other things have been done in his absence. Mr. Purvis then came, after we were fixed in our new quarters, and happened to find me smoking, I think, at the time, as well as some of the gentlemen employed by this commission; and he put up a notice "GENTLEMEN WILL NOT SMOKE IN THIS ROOM." I objected to his posting any such notice there. I said, "I have to stay here in this bank and do the work, and I think I ought to be allowed to smoke without any reflection. I think it is a reflection upon me to put up this notice."

Mr. PURVIS. Let me just there make a statement. I admit all that Mr. Leipold has said with regard to the management and supervision of this removal. He did it all, and did it well. When I came there and found these rooms divided only by a large door, and all of your experts here given to smoking, I appealed to them—I did not mean anything personal at all—simply that it annoyed me very much to have them smoking; and having no intercourse with this man at all, I simply wrote a request in these words: "GENTLEMEN ARE RESPECTFULLY REQUESTED NOT TO SMOKE IN THE ROOM WE ARE OCCUPYING." Not in any other room, because we could close the doors; and it was a simple request. Mr. Creswell came in and I presented the paper to him, and I said, "Mr. Creswell, have you any objection to my putting this up?" "Certainly not," he said. The moment I said that, this man sprang to his feet and made this remark: "If you put that notice up I will tear it down."

Mr. LEIPOLD. Did I do it that way, Mr. Purvis?

Mr. PURVIS. Your did it as no one else can imitate you. You declared you would tear it down, and added insultingly that those who claim equal rights should do equal duties. I am sure I never supposed that he was to decide what duties I should do. I considered it an outrage. I said that I would put it up again, and I did, and he pulled it down. I put it up again, and it was taken down again. I then consulted the district attorney as to what right I, as a commissioner, had in the matter, and how I could defend that right. His words were: "If you should attempt to publish such a notice"——or, before that, Mr. Creswell, with a timely word, said, "There can be no objection to that; it was simply a request." I then called upon the counsellor to know what my right was, because I intended to defend that right, and he said to me, "If a man should attempt publicly or forcibly to put his hand over your mouth, you could knock him down." And I came to the resolution to defend my right. But, to my utter surprise, this man (Mr. Leipold) wrote me a reasonable, common sense letter—and I showed the letter to Mr. Creswell—in which he declared, "It is hardly necessary to put up a notice of this kind, Mr. Purvis, for I assure you there will be no smoking during your presence." I immediately replied courteously that I had no intention to do it, and that as the spirit of his letter was changed, that I should not put it up until I was annoyed. That is the whole truth, and Mr. Creswell will vouch for it.

Mr. LEIPOLD. This trifling incident was the occasion of such language from this man as had never been used to me in my life before, and the language he made use of the other day was only a trifle to that he then made use of. Among other things he charged me then and there with being a liar, as he has intimated here to-day. I challenged him to produce proof; and there are three things he alleged against me as sustaining his accusation of falsehood. The first was my saying that his son had violated the charter.

THE MATTER OF INCREASING NYMAN'S SALARY.

The next was that I had said to a gentleman employed by the commissioners, who had applied for an increase of pay, that Mr. Purvis was opposed to the increase, when in fact I knew that Mr. Purvis had advocated it. That was the other accusation he made to sustain his charge of falsehood against me. Now, the facts in that case are this: Mr. Nyman applied for an increase of pay. Mr. Purvis, who was in Philadelphia at the time, I consulted by letter. Mr. Purvis wrote back that he

was in favor of increasing Mr. Nyman's compensation. I wrote this letter on the subject, and submitted it to Mr. Creswell:

> Referring to the application of Mr. Nyman for increase of compensation, I have, after reflection, come to the conclusion that his request ought not to be complied with. The labors pertaining to Mr. Nyman's desk are nothing to be compared with what they were soon after we first came here, and especially with what they were before the company failed, and yet his salary is as high to-day as it was then; in fact, I think that Mr. Nyman's services might be dispensed with and his work assigned to Mr. Wheeler, who, with such assistance as we may tender him, could very readily attend to the loan desk, in addition to the dividend desk. If this arrangement is made, I would suggest that $100 per annum be added to Mr. Wheeler's salary. That would result in a saving to the depositors of $1,100 per annum, rather than an increase of the expense account. I deem it my duty to make every effort to decrease it, even at the sacrifice of our own personal interest and time.

I submitted that to Mr. Creswell, and he agreed with me not to increase the salary. I thereupon wrote a note to Mr. Nyman, saying:

> The commissioners are opposed to increasing your salary.

It was not, by any means, as Mr. Purvis has stated it. The commissioners were consulted about it, and Mr. Creswell agreed with me in that matter; and as the majority opposed the increase, I had a right to notify Mr. Nyman that the commissioners were opposed to it, without going into further details by showing that one of them favored it.

Mr. PURVIS. Well, prove to the contrary of what I have said.

LOAN TO THE FIFTH BAPTIST CHURCH.

Mr. LEIPOLD. The next accusation that he made in support of the charge that I was not truthful was that I had said to a Rev. John H. Brooks here, who had made an application to settle the loan of the Fifth Baptist Church for a sum of $5,000, that Mr. Purvis was opposed to it—that I had said to this man that Mr. Purvis was opposed to it. When the application was made, Mr. Purvis being in Philadelphia, I wrote to him—no, I wish to correct myself on that; Mr. Purvis being in Philadelphia was written to by Mr. Brooks, and Mr. Purvis returned that letter from Philadelphia.

Mr. PURVIS. We had all passed our judgment in regard to that matter, and his letter to me was complaining of your charge against me.

Mr. LEIPOLD. Well, Mr. Purvis was in Philadelphia and wrote back that he was in favor of settling that loan in that way; and Mr. Creswell and myself—at least I—refused to settle it in that way, but insisted either upon a cash payment of $7,000 or a payment of $5,000 and a second mortgage for the balance. I declined Mr. Brooks's application. I signed it myself, but used the plural pronoun, saying that the commissioners declined it. In fact, almost the entire correspondence of the commissioners, you will find, has been signed by me and written by me in that manner, except *pro forma* letters.

THE BAYARD BILL, AND POWER OF TRUSTEES TO ELECT A COMMISSIONER.

There is one other thing. I do not want to go as far as Mr. Purvis has gone in his accusations; but he has traveled over a great deal of ground, and made a great many accusations and insinuations which I hope will be thoroughly investigated; I am sure that nobody wishes them to be more thoroughly investigated than I do. But there is a circumstance I think I ought to state; it may have something to do with

this feeling or it may not. At the time that the question came up under the Bayard bill, I think, as to the appointment of a successor, Mr. Purvis asked me this question; I think he asked it in the presence of Mr. Creswell: "In case the trustees should elect a new commissioner, and the trustees should indicate by resolution or otherwise that he, Mr. Purvis, had come to the relief of the bank in taking its loans from the bank, which now had proved to be bad loans, in the event of an expression of opinion on the part of the trustees that he ought now to be relieved of these loans, how far would a new commissioner, under such instructions, be required to follow them?" And I replied to that, "If he wishes to put his hands in his pocket and pay the money himself, he might relieve you; otherwise he certainly could not." Now, these are the only circumstances that I can imagine that have produced this feeling on the part of Mr. Purvis, especially my saying that his son had violated the charter.

ALLEGED INTERLINEATION IN TRANSCRIPT.

Mr. GARLAND. Now, Mr. Leipold, I want your explanation of that interlineation in the transcript.

Mr. LEIPOLD. Yes, sir; I have no definite recollection about that matter. It was as Mr. Purvis has stated, a matter before a justice of the peace for an ejectment of some tenants. There was some fault found with the record. Whether it was the interlineation, or what it was, I do not know; but the conduct of the attorney, (who was a gentleman, I do not deny it, and I have letters from him showing that he at least appreciated that quality in me, too, although he was a colored man, and was—

(Mr. PURVIS (interrupting). He was not a Dutchman.)

Mr. LEIPOLD. (continuing)—and was supposed to coincide in everything Purvis wanted him to coincide in) impressed me at that time, as I have been repeatedly impressed during the performance of his duties, with the fact that he (Mr. Cook) had not sufficient experience to cope with the attorneys that were opposed to him, and I may have expressed myself in an emphatic way that we lost that case by reason of not having a competent attorney. I do not remember, sir, whether it was the interlineation or what it was about that record that lost us the suit; I do not remember.

Mr. GARLAND. Was the interlineation put in by yourself?

Mr. LEIPOLD. I do not remember, sir; very likely I did. It was merely a nominal matter; I never charged my mind about it.

Mr. GARLAND. Now tell the committee of the difficulty between Mr. Purvis and yourself about that attorney. You were in favor of Mr. Totten and he wanted another?

Mr. GARLAND. You suggested another, Mr. Purvis?

Mr. PURVIS. Yes, sir.

Mr. LEIPOLD. Soon after we took charge of the Freedman's Bank, this man opposite me [referring to Dr. Purvis] came to the bank, and in an interview insulted me in such a manner that I can never overlook it.

Dr. PURVIS. A small matter, sir.

Mr. LEIPOLD. Yes, a very small matter.

EMPLOYMENT OF JOHN H. COOK AS ATTORNEY.

Mr. LEIPOLD. I repeat, that soon after we became commissioners, Mr. Creswell's time being mainly taken up with other duties, Mr. Purvis

being absent in Philadelphia, Dr. Purvis, as vice-president of the former board of trustees, came into the bank and called a meeting of the board of trustees several times. At one of these meetings he undertook by resolution to instruct the commissioners what to do. I consulted Secretary Bristow about the matter. I told him what was being done. Secretary Bristow is a friend of mine. He said that the very language of the act under which we were appointed precluded the idea of the trustees having any further connection with the concern; and that if they undertook to do anything we certainly would be held responsible, and that I must not allow them to do that. I got up in the trustee meeting, the next succeeding trustee meeting I think it was, and stated that, while I would be glad at any time to see any individual member of the board of trustees and consult with him on any matter, as a board of trustees I certainly could not pay attention to anything that they might do, and that in saying so I spoke advisedly. Well, that caused some feeling. Afterwards Dr. Purvis came and presented an application of Mr. Cook, in which Mr. Cook asked to be appointed attorney for the commissioners, and an application at the same time from Mr. Wormley, in which Mr. Wormley demanded, I think, the appointment of auctioneer to do the auction business.

Mr. PURVIS. No; Mr. Wormley requested such appointment.

Mr. LEIPOLD. The question came up between us then about the employment of these two gentlemen, and I opposed it on the ground that we ought not to employ a regular attorney, but that we ought to be free to act in every case as it arose in the matter of the selection of attorneys. That was in October, some time after we took charge. I then incidentally said that I might want to do some of this law business myself; that I certainly did not come to the Freedman's Bank on account of the salary that was being paid me, because I had a similar salary in the Treasury; that I came there to make a reputation, and to do the very best I could for these depositors. Thereupon this man replied to me, "What time have you to do law business? your business is to be here." I think I turned to him and said, "It becomes you with ill-grace to make such a remark as that"; and I did that with a view to the absence of his father for a month or two just before.

Mr. PURVIS. Scarcely a month.

Mr. LEIPOLD. And then some high language passed between us. That, to the best of my recollection, was all that took place at that interview.

AS TO COMMISSIONERS TAKING FEES.

It was attempted, in a previous examination, to connect that with some conversation about fees. I do not believe the word "fees" came in at that time, unless it was the fees charged by the loan clerk for making out releases. Now, as to the matter of fees, I did speak to Mr. Creswell and to Mr. Purvis at one time early in the history of the concern, and I asked this question, "If I were to do any of the law business of the concern, would I be entitled to any compensation?"

Mr. Creswell said, "In our State where a trustee renders legal service he submits an account to the court, and the court allows it or disallows it at its discretion." That matter may have come up between us two or three times, by way of conversation; and that is all there is of it. I have never, although I have done a good deal of the law business of the concern—I have never received a cent on account of it, and I

never expect to receive a cent, and there has been no charge made and no money paid on account of it.

Mr. GARLAND. That is all I care to ask concerning that.

Mr. LEIPOLD. I want to put in, most emphatically, a general denial of all the insinuations of falsehood and dishonesty and everything of that kind implied in Mr. Purvis's remarks. He——

Mr. GARLAND. The only reason why we cannot let you go on now is that we do not want to protract this matter. Mr. Purvis has said everything for you that he could in regard to the discharge of your duties. We have nothing at all to do with the private opinion and the personal relations of you and Mr. Purvis one way or the other.

Mr. LEIPOLD. But I do want to disabuse, if I can, the minds of both these gentlemen as to my intentions in making that statement. There is not a disrespectful word in it. These gentlemen have not attempted to do the hard labor connected with the concern, and I have not accused them of it. I have only said that I have had it to do. Mr. Purvis has said that I have done my duty, and that is all I care for.

Mr. PURVIS. Nothing that I have said was intended to reflect in any shape or form upon Mr. Leipold in that respect.

Dr. PURVIS. I would like you, Mr. Leipold, to state what resolution I ever introduced in calling the trustees together.

Mr. LEIPOLD. Whether it was a resolution or not I do not remember. You remember that I took the position that I could not pay any attention to what you should do as a body of trustees.

Dr. PURVIS. Was it not advice as to the removal of an officer?

Mr. LEIPOLD. I do not remember.

Mr. GARLAND. You spoke of his introducing a resolution. What was the resolution, if you recollect?

Mr. LEIPOLD. I do not remember. I looked upon it as an attempt at dictation to the commissioners, as to what I, as a commissioner, ought to do. I consulted Secretary Bristow on the subject purposely.

Mr. PURVIS. He had nothing to do with it.

Mr. LEIPOLD. I say that he had; he approved our appointment.

MR. LEIPOLD'S APPOINTMENT AS COMMISSIONER.

Mr. LEIPOLD:

Mr. Chairman and members of the committee, I want to add that before the present commissioners were elected the trustees selected three other commissioners; one was the brother of Mr. Langston; one was the brother of Mr. Richards; one was the father of Dr. Purvis—all three gentlemen named were trustees at the time. The names were presented to Secretary Bristow for confirmation, and he refused to confirm them.

Dr. PURVIS. Not so.

Mr. LEIPOLD. He declined to do it.

Dr. PURVIS. He was not present.

Mr. LEIPOLD. I was informed he declined to approve their appointment.

Dr. PURVIS. Oh!

Mr. LEIPOLD. It has been stated here that I sought the position. It is due to myself to state how I came to seek it. Mr. Vanderbilt, a relative of one of the trustees, who was deputized to present the names to the Secretary of the Treasury, spoke to me on the subject, and said that these men had elected these three gentlemen, and that the Secretary would not consent to their confirmation, and, as it was in my line

of business, he asked me why I did not apply for it. I thereupon spoke to General Balloch and to Mr. Tuttle on the subject.

The CHAIRMAN. These gentlemen were trustees?

Mr. LEIPOLD. Yes, sir; and I said that they knew me, that they knew all about me, and if they could say anything for me I should be glad to have them do it. And that, gentlemen, is the way I came to be appointed a commissioner. Before I left the Treasury Department Secretary Bristow, rather than have me go, gave me an important promotion as an inducement to have me stay there; and I had partially made up my mind to abandon it, when Mr. Frederick Douglass, the president of the board of trustees, came to the Treasury Department, and in the presence of Mr. Hartley, Assistant Secretary, urged upon me to take this position on account of my well-known character and ability, if I must say it. How well I have done the work, gentlemen, I hope you will look into thoroughly and find out.

Mr. GARLAND. I suggest that Mr. Creswell make his own statement as to the matters that have been brought up by the statements of Mr. Leipold and Mr. Purvis.

Mr. CRESWELL. I thought, Mr. Chairman, of making a statement in writing, in reply to Mr. Leipold's communication, and preferred to do it in that way.

Mr. GARLAND. Well, that would be better. You may just transmit it with the request that it be incorporated into the record as your own statement.

VERBAL STATEMENT BY MR. CRESWELL.

Mr. CRESWELL. I will state, Mr. Chairman, that my relations in connection with this commission have been exceedingly unpleasant for the four years last past. I desire, and have expressed that desire very strongly to every person with whom I have conversed on the subject, to be relieved, and I think Mr. Purvis has entertained the same view. Mr. Leipold is a very competent accountant. I believe he has faithfully and rigidly looked after the interest of these depositors; but at the same time I must say, in justice to myself, that he is the most disagreeable person with whom I have ever been associated. His temper and manners are exceedingly disagreeable, and at times almost insupportable. Nevertheless, we felt that our private grievances were not to be brought before the public; and I have suffered many things in my relations with him to pass in silence; and, although they were often as much as I could bear, yet I felt it to be my duty to submit to them, and in the interest of these depositors and creditors to go on with our work so long as I was required to act as a commissioner. We were in a position from which we could not withdraw. We had given a joint bond, on which the sureties of myself and Mr. Purvis are abundantly good. Certainly my surety is abundantly good for ten times the amount of my bond. I could not desert that bond, and therefore I felt it to be my duty to go on and do the very best I could.

The circumstances under which I was appointed on the commission are briefly these: Before I had retired from the Post-Office Department, though after my resignation had been presented, and after it was publicly known that I was to retire as soon as my successor could be appointed, Mr. Langston called upon me at the Post-Office Department and presented this matter of the Freedman's Bank and urged me to become one of the commissioners. I said to him, "Mr. Langston, I have had a good deal of experience as a receiver and trustee in

closing out insolvent concerns, and I think I know pretty well what is required. You will need some one to take special charge of the books and the details of the business; that is something that I cannot do; it is entirely inconsistent with my other obligations and duties; and my profession is worth vastly more to me than the salary that the Secretary of the Treasury is authorized to allow under the law. Therefore I must decline, with the kindest feelings toward the colored people and with every desire to see the Freedman's Bank settled in the best possible way." Mr. Langston continued to urge me to accept, and said that the trustees had talked the matter over and were particularly desirous to have somebody as commissioner who was known generally to the colored people—known to be their friend.

HOW THE LABORS OF THE COMMISSIONERS WERE DISTRIBUTED.

We had a long conversation together. I left him, however, when the conversation closed, with this statement: "I don't see how it is possible for me to undertake the charge of the details of the bank. I cannot do it." He made me a second visit and still urged it upon me, and other friends of my own called—all urging me to accept. I made the same statement to them. One of them then said that so far as the details of the work were concerned, that had been provided for; that Mr. Leipold, of the Treasury Department, with whom I had had no acquaintance, was a capital accountant and was desirous to be on the commission, and pledged himself to take charge of the details of the work, and that all they would ask me to do would be to supervise generally the operations of the concern; to see that the assets were faithfully and promptly collected and the money distributed honestly and rightfully. I still declined. Then by appointment, after several interviews with these gentlemen, there was a meeting of the trustees at which the whole matter was talked over, and I made known to them the difficulties I had, and that I could not go into the office to supervise the adjustment of accounts and settlement of the pass-books and of the minutiæ involved in their settlement; and it was there and then distinctly understood, my statement having been made to the board and the merits of the thing having been fully canvassed in the presence of all—Messrs. Leipold and Purvis also being present—that what they expected me to do was to supervise the work generally and see to the collections and the payments, and also to the faithful administration of the affairs of the company. And after a long meeting—I think we were there three or four hours—it was finally settled that I was to go into the commission with Mr. Purvis and Mr. Leipold; that we should give a joint bond in accordance with the terms of the law and then proceed with the administration of the trust on the theory I have stated. Mr. Leipold was to have charge of the details and Mr. Purvis and myself were to assist in all matters of advice, and generally in the conduct of affairs.

MR. CRESWELL'S PERSONAL ATTENDANCE AT THE BANK.

We then entered upon our trust. Our first work was to prepare a statement of the exact condition of affairs and of the bank when we took possession. That involved a great deal of labor, and I was at the bank for the next six months, I think, almost every day. The court of Alabama claims was then organizing, but during the first six months very

little work was done by the court, because that was the time allowed for the filing of claims. There were no cases ready for trial, and it was not necessary for me to be at the court to advise with the judges and see that the claims were properly filed more than an hour or two each day. I called at the bank sometimes in the morning and sometimes in the evening.

So the business progressed for, perhaps, a year, when I became engaged in the trial of the cases in the Alabama court, and every moment of my time was taken up. The testimony in every case had to be read, with a view of offering such suggestions to the court as I thought would facilitate them in making their decisions.

EXTRA COMPENSATION TO MR. LEIPOLD.

In 1875, I think it was, Mr. Leipold grew very restless with regard to his duties, alleging that they were much more onerous than he had anticipated, and I am frank to say than I anticipated. If I had supposed that they would be so exacting I never would have engaged to do the work, and I have regretted a thousand times that I did, and especially when I found myself in a position from which I could not retire. He made complaint that I could not give more attention to the affairs of the details of the bank. I said to him, "Mr. Leipold, it is impossible for me to take charge of these details; that is not the understanding on which I was appointed, nor can I do it now without deserting another trust quite as important to me and to the government." Finally I suggested to him that in consideration of the increased duties, the additional duties that were imposed upon us all—much greater than any of us had anticipated—that I would be willing to pay him $250 every six months out of my salary; and that was finally accepted. Now, my object in that was simply this: to show a disposition on my part to compensate Mr. Leipold, from the fact that all his time, or nearly all of it, was taken up by the bank. He had said to me in the beginning that it was his desire to commence the practice of law, and I did not suppose that up to that time he had had much if any opportunity for engaging in the practice of law, but as I was in the practice of the law myself I thought his desire was a reasonable one and that his complaint was made to me with a view to that very thing. Compensation was paid to him twice, two hundred and fifty dollars, I think, in the month of July, 1875, and two hundred and fifty dollars in the month of December of the same year. Then Mr. Leipold, having learned that this arrangement had become notorious and that some persons at that time were canvassing it (I think the committee had made some allusions to it), notified me that he would not receive any further payments.

Mr. LEIPOLD. Did not I say that it was by reason of some remark made by Mr. Purvis?

Mr. CRESWELL. No, sir; you did not.

Mr. LEIPOLD. All right.

Mr. CRESWELL. I understood the reason to be that animadversions had been made upon you for taking this money in excess of your compensation, and that therefore you would no longer receive it. I have this to say in regard to Mr. Leipold: I believe that he has faithfully and honestly managed the details of the bank; I believe that he has given a great deal of attention and time to it. At the same time, I have to say that Mr. Purvis and myself also have done the same. I will say for myself that I have given a great deal of time and a great

deal of thought to the affairs of this bank, and I have responded to the calls made upon me, at all times, with a view of consultation on any questions that might arise.

"DETAILS" OF THE MANAGEMNT, AS UNDERSTOOD BY THE COMMISSIONERS.

Mr. LEIPOLD. Will you allow me to ask you a question, Mr. Creswell?

Mr. CRESWELL. Certainly.

Mr. LEIPOLD. What do you mean by details?

Mr. CRESWELL. I mean by details, the adjustment of the books—interviews with the several creditors of the concern who came to have their accounts adjusted, and also with the debtors who came to inquire about and pay their indebtedness.

Mr. LEIPOLD. Well, do you deny, Mr. Creswell, that almost every application and every request for the payment of the notes were made by me? Do you deny that?

Mr. CRESWELL. I deny that they were made always through you; many of them were made directly to me.

Mr. LEIPOLD. That is not what I mean. In attempting to collect the notes held by the Freedman's Bank, who conducted the correspondence looking to the collection of these notes?

Mr. CRESWELL. You, mainly.

Mr. LEIPOLD. Who conducted the interviews with the parties—the debtors of the bank?

Mr. CRESWELL. You, mainly. I was present at quite a number of them myself; especially where there were disputed claims.

Mr. LEIPOLD. Gentlemen [turning to the commissioners], you know of your own knowledge that a great many of these interviews were of a very unpleasant character and abusive in the extreme.

Mr. CRESWELL. Yes, Mr. Leipold, I know that a good deal of that abuse was induced by your own manner.

Mr. LEIPOLD. Well, that may be.

Mr. CRESWELL. Well, you know the fact, and the further fact that a great many people have complained to me of your treatment of them.

Mr. LEIPOLD. Debtors of the concern?

Mr. CRESWELL. Yes, sir; debtors of the concern.

Mr. LEIPOLD. Do you admit, Mr. Creswell, that the planning and the systematizing of the work in the collection of the loans, and in the payment of the dividends, and in the keeping of the accounts accurately between the commissioners and the Treasury Department was attended to by myself?

Mr. CRESWELL. Well, I don't suppose that there was much planning about keeping the accounts with the Treasury Department, because every dollar we received went into the Treasury, with the exception of a very small balance, which was kept on hand to meet expenses.

Mr. LEIPOLD. You do not know of the complications, then?

Mr. CRESWELL. In the payment of dividends? I know that there was a great deal of work in connection with the payment of dividends.

Mr. LEIPOLD. Was that done by the commissioners?

Mr. CRESWELL. By yourself and Mr. Purvis, who was present on some occasions, and I know he had interviews with a good many people who brought their books in, and I also had interviews with some of these people, and I have consulted the original books to see if their accounts were correct.

Mr. LEIPOLD. There are fifteen press copy-books of letters written by the commissioners. How many of these letters were written by me?

Mr. CRESWELL. A great many of them, no doubt.

Mr. LEIPOLD. What proportion of them, should you think?

Mr. CRESWELL. A very large proportion, I should suppose. That was precisely the work, Mr. Leipold, that you agreed to do in the beginning.

Mr. LEIPOLD. The correspondence?

Mr. CRESWELL. Yes, the correspondence connected with the details of the administration.

Mr. LEIPOLD. Oh, I don't say that I did not. The preparation of testimony and whatever documents were necessary for the successful prosecution of suits in court, how was that done?

Mr. CRESWELL. That was generally done by clerks, under your supervision.

Mr. LEIPOLD. Under my supervision?

Mr. CRESWELL. Yes. There were some cases where I was consulted.

Mr. LEIPOLD. Well, a great many letters had to be written, I suppose you know, pertaining to the suits pending in court, a great many suits are pending. You know that a great many complicated questions arose in connection with these suits. Who among the commissioners attended to them, to the hunting up of the facts and proofs in the cases, and who suggested the law points that had been suggested in some of the courts to attorneys in other courts?

Mr. CRESWELL. You did a large part of that work.

Mr. LEIPOLD. Who prepared the reports of the commissioners submitted to Congress?

Mr. CRESWELL. They were prepared by you and submitted to us for revision and examination; and every precaution was taken to have those reports accurate.

Mr. LEIPOLD. Who attended generally to the buying in of all the properties, and the looking up of the claims against these properties prior to going to the sale?

Mr. CRESWELL. You did that in many instances; Mr. Purvis in a good many cases, and I attended to some myself.

Mr. LEIPOLD. Yes, sir; but the work of getting up the figures—the claims against these properties and the adjustment of the sales, and the limiting of the expenses involved in these sales, who attended to that?

Mr. CRESWELL. You had charge of the accounts; I presume it was mainly done by the clerks under your direction.

Mr. LEIPOLD. Well, I will let it go that way.

TESTIMONY AS TO THE COMMISSIONERS' FAITHFULNESS.

I want to read two short extracts from the testimony before the Douglas committee. In answer to my question, "Tell the committee what you know about my general conduct in the management of the business of the Freedman's Savings and Trust Company as far as it foreshadows whether or not I tried to promote as far as possible the interests of the depositors of that concern," your answer was: "I will state that very cheerfully. I have been very much impressed, Mr. Leipold, with your efficiency, and with the constant zeal and energy which you have displayed in your efforts to promote the interests of the depositors and creditors of that bank. I think your management has been efficient to an extent equal to that of any trustee I have ever known." Is that your impression now?

Mr. CRESWELL. Does that vary from my statement to-day? I believe, sir, you have been very efficient. And, in that connection, will you please read a little extract from your own testimony with regard to the duties, responsibilities, and labors of the other commissioners?

Mr. LEIPOLD. Mr. Creswell, I have said nothing in this statement about what you undertook to do.

Mr. CRESWELL. You have said things different.

Mr. LEIPOLD. I beg your pardon; I think there is no real conflict between the two statements. Mr. Bradford put the question to me, "You are the only commissioner that has given his entire time to this matter"; and I said, "Yes, sir." I think you yourself suggested after that that it might imply a reflection on you, and I came here voluntarily and said, I do not wish my answer to be understood that you had done nothing, but that you both had rendered service. I say so in this statement. When the chairman of this committee asked Mr. Creswell about the division of duties among the commissioners, had Mr. Creswell said, as he has said to me repeatedly, and as Mr. Purvis has repeatedly said to me, that he had given but a sort of general supervision to this work, that Mr. Leipold had given his time to it, and that he (I) could answer any question, none of this would have been brought out at all. I only did it in justice to myself, and in confirmation of what everybody, who has had any connection with the Freedman's Bank, already knows, that I have been the pack-horse of the concern. I do not deny what I undertook to do, but I want credit for what I did do; that is all I want.

Mr. CRESWELL. Before you go to Mr. Purvis, Mr. Chairman, allow me to ask Mr. Leipold a question as to a portion of his testimony before the Douglas committee.

(Addressing Mr. Leipold). You said before that committee, Mr. Leipold, under oath, on the first of May, 1876, as follows:

> There is another statement which I wish to make. From some testimony which I am supposed to have given before the committee a little over a week ago, two gentlemen of the committee have drawn the inference that I meant to testify that the other two commissioners never rendered any services. I am not conscious of having given such testimony. The question that was addressed to me by the chairman of the committee was something like this: "You are the workingman of the commission?" I hesitated, and, if I did not say, I wanted to say—I think I did say—"I do not like to say anything on that subject." Thereupon the chairman said something to the effect that when he had been to the bank, I seemed to have been the workingman. Toward the last of my examination another member of the committee asked me some question about some matter which I hesitated to answer; but I did say, in answer to a question of his, that Mr. Creswell came to the bank sometimes every day for a week, and that then, again, he would not come there for a week, but that whenever a matter of importance came up I would either send for him, or consult him about it. I believe that that was the full extent of the testimony that I gave with reference to this subject. If the inference created by that testimony was that the other two commissioners never rendered any services, it does them great injustice, and I never meant to intimate any such thing. I do wish to say that, from my understanding of the matter, both Mr. Creswell and Mr. Purvis did all they undertook to do originally when the matter was discussed before the board of trustees who elected them, and they have both rendered services, and very important services.

Do you still adhere to that?

REAL MEANING OF MR. LEIPOLD'S "STATEMENT."

Mr. LEIPOLD. I do not think there is anything in my present statement that denies that.

Mr. CRESWELL. You have a singular notion of the force of language, then; that is all I have to say.

Mr. LEIPOLD. You affirmed that I examined the accounts, and *you* managed the concern. I was unwilling to leave that statement uncontradicted.

Mr. CRESWELL. (Reading from Mr. Leipold's statement.) "I do not wish," you say in the statement made by you, "my silence on this point at that time to be regarded as an acquiescence in the correctness of that statement"; that is, my statement made on Friday, the 9th of January, in reply to the question of the chairman as to the division of labor among the commissioners. "As far as that statement," you continue, "seeks to convey the impression that any considerable portion of the work of the commission has been discharged by Commissioners Creswell and Purvis, or that they have devoted any extended time or attention to the business of the bank, I most emphatically dissent from it. On the contrary, I will state, and that without fear of successful contradiction, that almost the entire management of the institution has devolved upon me. For the first two years after the commissioners took charge of the company's affairs, complications and annoyances were at their maximum; Mr. Creswell was the United States attorney for the Alabama Claims Commission and scarcely ever at the bank, and Mr. Purvis spent a large portion of his time in Philadelphia and thereabouts; and since that time, as far as the actual labors of the commission are concerned, it has been no better, although Mr. Purvis has spent more of his time at the bank," and so on.

Mr. LEIPOLD. Well, that is my recollection and a statement of the facts.

Mr. CRESWELL. It is very different from what you say there (referring to the testimony before the Douglas committee).

Mr. LEIPOLD. Let me ask you, Mr. Creswell, a direct question. How much of your time have you spent at the bank?

Mr. CRESWELL. Well, I have spent a portion of my time on a great many occasions. I have been there almost every day when I have been in town, and it has been my rule to go there every day. Sometimes I have been prevented by a press of engagements that I could not escape from.

Mr. LEIPOLD. Have there not been times when you have not been near the bank for weeks and weeks, and months and months together?

Mr. CRESWELL. I have been out of town occasionally, but never for a longer time than a week or two. I was at the bank one whole month, managing its affairs in detail, when you and your family were off at the springs. I have been here every summer for three or four years past, in order to supervise the affairs of the bank. I repel any imputations of neglect of duty.

Mr. LEIPOLD. I only asked the question.

Mr. CRESWELL. And I answer it.

Mr. LEIPOLD. How many times have you been at the bank, say during any one month within the last two years?

Mr. CRESWELL. I cannot say with accuracy.

Mr. LEIPOLD. I mean without my sending for you?

Mr. CRESWELL. Many times I have called at the bank when you have been out, and without your sending for me. I have been there on many occasions, certainly on as many as four or five or six times each week, or every day of the week; then, again, two or three days of a week, as Mr. Purvis will testify, when I have been in town; and I have not been out of town for any length of time for three or four years.

Mr. PURVIS. Whether you were there or not, your presence always was sufficient to cause no delay in the business.

Mr. LEIPOLD. I do not admit that.

COMMISSIONERS' DESIRE TO BE RELIEVED.

Mr. CRESWELL. Not to say anything further upon this point, I will just say here that I am very glad, although I have felt myself bound to silence as to the personal relations subsisting between the commissioners, I am very glad that they have come out, for I think that the usefulness of this commission is so impaired by the relations that have grown up between the commissioners that this fact itself will secure that relief of which I have long been, and am now, very solicitous.

Mr. LEIPOLD. So am I.

Mr. CRESWELL. I hope the committee will make no delay in granting that relief.

Mr. LEIPOLD. (To Mr. Creswell.) How far do you think the disagreeableness of my disposition was caused by the attempt on the part of two of the commissioners to leave me to do all the drudgery of the concern?

Mr. CRESWELL. That I cannot answer, Mr. Leipold.

Mr. LEIPOLD. Do you remember, Mr. Creswell——

Mr. CRESWELL (interrupting). I cannot be expected to account for the eccentricities of your temperament.

Mr. LEIPOLD (resuming). Do you remember, Mr. Creswell, on one occasion coming into the bank after you had been absent for some time, and throwing down some correspondence that had accumulated during your absence, and speaking to me in rather a peremptory way, saying, "I wish you would attend to that!" and my asking you why you did not attend to them, and your replying with considerable profanity?

Mr. CRESWELL. In what way; what kind of profanity?

Mr. LEIPOLD. I said something about having to sit there all day having to do the work, and I suppose I meant to intimate that you had been away, and you spoke to me in that way—I do not like to repeat the language; you said you did not care whether I was ever there or not.

Mr. CRESWELL. I might have said that, Mr. Leipold, when you endeavored to impress me with the idea that the work of the commission could not go on without you. Very likely I did use some emphatic language. I very soon found that while you were there, it was not worth while for me, or Mr. Purvis, to attempt to take charge. I do not think that I ever made a proposition, that did not in some way emanate from you, that was not objected to. I remember walking into the bank on one occasion, and making some inquiries of you in a respectful tone in regard to a matter pending for adjustment by the commission, and asking information upon it. You turned half around in your chair, threw the papers down, sprang to your feet, threw up your arms, and indulged in all sorts of exclamations, not calculated, I must say, to calm my temper in the presence of all the callers and employés. I then said to you that I would not submit to such treatment from any man, and that I wanted you to understand that I was there with equal rights with yourself.

Mr. LEIPOLD. I have no such remembrance.

Mr. CRESWELL. I repeat there was just such a conversation; for a long time afterward you held yourself aloof from me.

Mr. LEIPOLD. Ever since that?

Mr. CRESWELL. No, sir; you have been very confidential, at times; on one occasion since, I remember very well, you came to me to have me ask Mr. Sherman to give you a place in the Treasury Department, and I did it. And when he said he could not tender you a place while you were acting as commissioner for the Freedman's Bank, and that, if

he were to offer you a place he could not give you the salary you were receiving, I came back and informed you of that fact.

Mr. LEIPOLD. Was that since that interview?

Mr. CRESWELL. Yes, sir; since that interview.

Mr. LEIPOLD. I think not; I think it was before.

Mr. CRESWELL. Well, I remember that you did not disdain to ask favors of me.

Mr. LEIPOLD. Nor you of me. (Addressing Mr. Purvis.) Mr. Purvis, you said of me, before the Douglas committee, some time in 1876, "I am free to say here, as I have said everywhere, that I have known of no man that, with such good faith and persistency, has attended to the interests of these depositors. It could not be better done." Do you say that now?

Mr. PURVIS. Allow me to say in regard to that matter that I have nothing to take back. I have made such a statement before meetings of the depositors, both at the South and in the North. But I am sorry to say that, with all my honest and favorable opinion of this gentleman, he has no appreciative sense of it.

Mr. CRESWELL. If the committee will allow, I would like the reporter to turn to my testimony respecting the pending question to which Mr. Leipold has taken such offense and have it read. In reply to him, it is necessary to justify myself. I want to show that in my answer to the question asked me, I did him no injustice.

Mr. LEIPOLD. I think the purport of my communication was entirely misapprehended by this gentleman. All that I have claimed in the statement has been, I think, admitted by both of these gentlemen. All I want is the credit of having done the work, for I did do it, and they have virtually conceded that.

Mr. PURVIS. If we had discovered at any time that you were not doing your duty faithfully we would have interposed.

The CHAIRMAN. The committee are familiar with your general operations in advancement of the affairs of the Freedman's Bank, but there are some points on which we desired an explanation.

MR. CRESWELL'S PREVIOUS STATEMENT AS TO DISTRIBUTION OF THE COMMISSIONERS' LABORS.

[Mr. Creswell's testimony given January 10, 1880, was here read as a further reply to Mr. Leipold's written statement:]

By the CHAIRMAN:

Let me ask, Mr. Creswell, whether you have acted jointly and together in the performance of your duties as commissioners, or whether you have assigned different portions of the work to different members of your commission?

Mr. CRESWELL. I do not know that there has been any formal assignment of duties to one or the other of the commissioners. Mr. Leipold has had the charge, mainly, of the adjustment of the accounts, of the paying of the dividends, and of the receipt of the moneys, and has given the affairs of the bank more attention in that way than either of the other commissioners. We have always supervised the transactions of the bank, and have all been consulted in each part of the proceedings, especially when there was a necessity for the exercise of any discretion. Mr. Purvis and myself have signed the checks for the several dividends, and Mr. Leipold has mainly supervised the payment of these checks, and the adjustment of the pass-books of the depositors.

Mr. CRESWELL. Does not that give you full credit?

Mr. LEIPOLD. No, sir. My point is, that in that testimony (see testimony in full on pages 26 and 27, this report) you assumed virtually that you managed the concern, and that I have been in a sort of subordinate position.

Mr. CRESWELL. Nothing of the sort. Now, I would like to make a statement in regard to the indorsement of checks, which Mr. Leipold thinks is a small matter.

Mr. LEIPOLD. No; I am aware that that involved great physical labor.

SIGNING THE DIVIDEND CHECKS.

Mr. CRESWELL. I signed, myself, some thirty-four thousand checks for each of the dividends made by the bank. These checks were all printed in books, four on a page; and I found, by actual experiment, that it required at least four hours of steady, uninterrupted work to sign the checks in one of those books. It was as much work as a man could do in that time; and I can write pretty rapidly, too, though my name is a long one. It took four hours to sign the checks in one of those books, and blot them, and turn the pages. I commenced to do that work at the Freedman's Bank; but I soon found that interruptions there would prevent me from getting through in time; so I had the books, in large packages, sent to my house; and I know that I spent more than four hours each day in signing. I found that I could not do more than that without losing the use of my hand. I do not think that uninterrupted work of that sort—making the same motion of the hand constantly—can be done for any great length of time without danger of bringing on what is called "scrivener's paralysis;" and I sometimes found myself unable the next day to sign any checks at all. I therefore apportioned the work, giving to it four hours of labor each day, in order to get through with it.

MR. LEIPOLD'S DEFENSE OF HIS ADMINISTRATION.

Mr. LEIPOLD. One other matter comes to me just now; and it is something that I am very sensitive about; that is my integrity; and I have a right to be sensitive about that. I am not so much of an adventurer as Mr. Purvis would lead you to suppose. I have held positions of trust before. He assumed that he and Mr. Creswell—and that is an assumption entirely new to me, one that has not been made before—were put there to watch me. Now I believe that we have collected a million and a half dollars of money—at least that much actual money—and I have been there in constant attendance at the bank, and have supervised the collection of that money and the depositing of it in the Treasury, and supervised it certainly in drawing it out of the Treasury, the checks being signed in advance in blank, by one of the commissioners, and then left for me to fill up as the disbursements were made. If it was necessary to watch me, I hardly think that both of these commissioners would have absented themselves at the same time, or would have been willing to sign the checks in blank, for me to use as occasion might require. Mr. Purvis never, before this time, has made any such intimation as to my integrity; and I resent that imputation in the only way that I can resent it, by denying it; because I will not indulge in language similar to that which he used; and I ask the committee that they will thoroughly go into that question. If every cent going into that Treasury has not been fully accounted for, I wish to be held responsible for it.

Mr. PURVIS. I will answer that by saying that I was there to watch him. I will say that the colored people, the depositors, looked mainly to me, for they had confidence in me, to see that that was properly done; and they used frequently to say to me, "If it were not for you we would not have got a dollar." Of course I have disabused them as to that. I

have always said that these gentlemen were honest. My doubt as to Mr. Leipold's integrity and honesty was not in regard to his handling or dealing out the money; it was want of honesty in regard to truthfulness that I have referred to. As to the matter of the checks in blank, he says this is the first time I have ever expressed any doubts as to his honesty. I have never entertained any; but I will say that, as a matter of precaution, I have invariably noted the amount of the checks that I signed in blank, and I have never signed a great many ahead—not more than fifty or sixty, perhaps. I have had a good many to pay out, especially when we had a great many persons employed there, which were used in payment of salaries. I noted that they were all numbered. I noted the numbers and the amounts, and I made it a part of my duty to come to the bank and go over every check that had been used, to see if had been properly used; because upon the margin there was a memorandum of the amount. The amounts were usually small; and I will say that I watched carefully, in that particular. I will not say how often I had resolved, by the advice of my friends—indeed, one gentleman said to me, "I would not for five thousand dollars be in your position; you know nothing about Mr. Leipold." I replied to this gentleman, "All that I know of him is, that he has acted very fairly and squarely in that matter. But seeing that he is not responsible, though he professes to be a poor man, yet all his bondsmen are of no account."

Mr. LEIPOLD. As you have represented them, Mr. Purvis. You know that they are of as much account as yours.

Mr. PURVIS. I want to say this, that they are irresponsible. One of them is a bankrupt; and the other, (addressing Mr. Leipold), you told me yourself, was a poor man, who married a woman from whom he got some money. For that reason I felt you had no responsibility.

Mr. LEIPOLD. I deny I said that. My bond is good.

Adjourned to Tuesday, January 20, 1880.

COMMITTEE ROOM OF THE SENATE SELECT
COMMITTEE ON THE FREEDMAN'S
SAVINGS AND TRUST COMPANY,
Washington, D. C. January 20, 1880.

The Senate Select Committee on the Freedman's Savings and Trust Company met this day in the committee room of the Senate Committee on Manufactures, at 10 o'clock a. m.

Present, Messrs. B. K. Bruce (chairman), Angus Cameron, A. H. Garland, J. B. Gordon, and R. E. Withers.

ACTION TAKEN BY THE COMMISSIONERS ON THE SENECA COMPANY LOAN.

Mr. LEIPOLD, commissioner, examined.

By Mr. GARLAND:

Question. Mr. Leipold, what action, if any, did the commissioners take to collect the Seneca Sandstone loan, and also the Kilbourn & Evans loan on the note of fifty thousand dollars?

Mr. LEIPOLD. The Seneca Sandstone Company?

Mr. GARLAND. Yes. Have you taken any steps to collect it; and if so, what were they? Give them in full.

Mr. LEIPOLD. As soon as the matter was brought to our attention, I

showed Colonel Totten the original papers, which I have here, with this secret agreement.

By Mr. WITHERS:

Q. Do you mean Enoch Totten, the lawyer?

Mr. LEIPOLD. Yes, sir. I showed Colonel Totten the original papers, and consulted him as to what we ought to do in the matter, and he expressed himself very emphatically that the board of trustees were certainly responsible for that transaction, and especially the members of the finance committee, and that it was our duty as commissioners to prosecute them.

Mr. GARLAND. State, while you are going on, Mr. Leipold, about what time it was when the matter was first brought to your attention, if you can recollect it.

MR. LEIPOLD FAVORING ACTION TO RECOVER.

Mr. LEIPOLD. Well, I think it was finally developed some time in 1875—the winter of 1875, I think. This conversation took place sometime in the winter of 1875–'76. After having a consultation with Colonel Totten, I went back to the bank and wrote a note to the other commissioners, which I have here. This is the original note that I wrote (producing the original). I see by the date that there must be some mistake as to the time. This was written in the summer of 1876, in July. (Reading.)

OFFICE OF THE COMMISSIONERS OF THE
FREEDMAN'S SAVINGS AND TRUST COMPANY,
Washington, D. C., July 21, 1876.

To Messrs. CRESWELL and PURVIS, *Commissioners:*

It having been shown, through some testimony taken in the suit against A. Langdon, that a number of deposit accounts were paid by the company after its suspension, June 29, 1874, especially one of $1,000, to R. W. Tompkins, Colonel Totten suggests that suits should be brought for the recovery of all such moneys.

Colonel Totten also expresses it as his opinion that the trustees, and especially the members of the finance committee who approved what is known as the secret agreement in the Seneca stone loan, can be held personally liable for the amount of said loan. Such being the case, it seems to me some definite action ought to be taken at once looking to a recovery of these moneys thus illegally paid out and invested.

I favor immediate action, and that the whole matter be turned over to Mr. Totten, with instructions to make a careful examination of the law bearing on these cases, and if he should find that the law sustains his opinion he should be directed to proceed at once to the recovery of the several amounts.

R. H. T. LEIPOLD,
Commissioner.

This note is indorsed as follows:

This matter had best lie over until it can be presented to all the commissioners, Mr. Purvis being now absent from Washington.

JNO. A. J. CRESWELL.

July 27, 1876.

Also (in pencil memorandum):

This paper was on Mr. Purvis's desk until April 15, 1879, and never acted on.

R. L.

LETTER ADVISING ACTION LAID OVER.

Mr. LEIPOLD. (Resuming.) I put this communication, as I did every matter of importance involving an exercise of discretion, on Mr. Purvis's desk. I did that on the 21st of July, 1876. On the 27th of July, 1876, Mr. Creswell indorsed this paper: "This matter had best lie over until it can be presented to all the commissioners, Mr. Purvis being ab-

sent from Washington." This paper then lay on Mr. Purvis's desk from that time until the 15th of April, 1879.

By Mr. GORDON:

Q. And what was the year when it first laid there?—A. In 1876. No action in writing was ever had on this subject by Commissioner Purvis. The matter was discussed between us as to the propriety of this thing, and Mr. Purvis was inclined to apologize for the board of trustees, both in this case and in a great many other cases, so that no united action could have been had as against the board of trustees. In this connection, the Secretary of the Treasury, Mr. Bristow, sent for me to bring over these original papers. I do not know whether this was before or subsequent to this discussion of the matter. I took these papers to him; he looked at them and said, "Is this our Mr. Tuttle?" Mr. Tuttle was then Assistant Treasurer of the United States. I said, "Yes." He seemed to be very much surprised at it, and expressed himself to the effect that he could not have any such man in his department—a man who would sign such an agreement as that. I had known Mr. Tuttle for a number of years and did not believe that Mr. Tuttle would affix his signature to any such paper if he knew the contents of it; and I told Mr. Secretary Bristow so. His reply was, that no man has a right to put his name to a paper of that kind without knowing what was in it. And the result was that Mr. Tuttle left the department. Mr. Purvis has abused me once or twice in this case because I have made known that thing—he taking the ground that gratitude on my part to this man who had elected me as commissioner ought to make me keep quiet on the subject. I do not know that that was exactly his language, but I know that "gratitude" was the word he made use of, that "common gratitude to these men ought to have prevented me from prosecuting them," or words to that effect. Of course no other action has been taken as against the trustees in that matter.

THE ONLY STEP TAKEN IN THE SENECA MATTER.

By Mr. WITHERS:

Q. No action?—A. I was about to say that we did proceed to some extent. I presented the coupons of the Seneca Sandstone Company's bonds that we had in the bank, and had them protested for non-payment, and then instructed the trustees to foreclose the mortgage. A bill was filed on behalf of the Freedman's Bank and other parties, to have the property sold, and the property itself is now in litigation. That was all the action that was taken by the commissioners.

I want to say, here, that in some conversation which took place last summer about the violation of the charter by some of the trustees, Mr. Purvis notified me that if I attempted to hold these men up to the ridicule of the community I would find that they would defend themselves; and I replied to him—and I think it was in the presence of Mr. Creswell—that I had no fears on that score; that whatever facts they knew they were welcome to bring out; I did not care anything about it.

By Mr. GARLAND:

Q. After you read that letter, you stated, I believe, that you had some consultation with the other commissioners from time to time?—A. Yes.

Q. And you agreed upon no definite course of action?—A. No, sir; not as against the trustees.

Q. Well, you gave Mr. Totten, or your attorney, no instructions to bring in suit?—A. No, sir.

Q. To enforce that?—A. No, sir; nothing was done about it, except what you see there in the memorandum on the back of the letter.

Q. Well, how many interviews do you suppose you three commissioners had on the subject?—A. I do not think we had more than two or three. I think it was the impression of Mr. Creswell that, the note having been given up, we had no action against Kilbourn and Evans. I do not think that Mr. Creswell ever expressed himself as to whether he thought we could recover as against the trustees.

Q. You say that Mr. Purvis was absent in Philadelphia when you wrote the note; how long after he came back was it that it was brought to his attention?—A. I do not know, sir. He was frequently absent in Philadelphia, and gone for weeks and sometimes a month at a time, and these papers lay before him; I put all these papers on his desk with a weight on them. I will say that I have no doubt but some of the feeling that has been exhibited here on the part of Mr. Purvis has been occasioned by my bringing to his attention and to Mr. Creswell's attention the delinquencies, as I took them to be, of several members of the board of trustees, and of course your examiners have come across all these transactions.

WHY NO ACTION WAS TAKEN IN THE SENECA MATTER.

By Mr. WITHERS:

Q. I understood you to say, Mr. Leipold, that Mr. Purvis returned the day after you laid this paper on his desk?—A. O, no, sir; I do not know when he returned. I laid it on his desk on the 21st of July, 1876, the day on which it was written.

Q. You refer to the letter and the statement you made addressed to Mr. Creswell and Purvis?—A. Yes, sir.

Q. And that letter you laid upon Mr. Purvis's desk the day on which it was written?—A. Yes, sir.

Q. And Mr. Creswell saw it on the 27th of July?—A. Yes, sir.

Q. And it lay until the 15th of April, 1879, before action was taken upon it?—A. No, sir; no action was taken on it further than the conversation we had.

Q. You do not know when it was brought to the attention of Mr. Purvis?—A. No; I only know that it lay upon his desk; but his attention has been called to it, and I am sure he has known of it, for we talked it over.

Q. All I wanted to know was, whether it was brought to his attention.—A. He must have seen it within two months from the time it was put on his desk.

Mr. PURVIS. I would like to ask you, Mr. Leipold—for I deny the whole statement you have made—whether, as a rule, it was not agreed that in any proceeding, when two of the commissioners should agree to it, that it was a rule?

Mr. LEIPOLD. Yes.

Mr. PURVIS. So that Mr. Creswell and yourself had agreed in that matter?

Mr. LEIPOLD. No, sir; the statement shows that we did not agree; that Mr. Creswell reserved the matter for future action.

Mr. PURVIS. I have no recollection of that; but I will say here, and will ask Mr. Creswell to testify whether in any way, at any time, I ever hesitated for a single moment to bring up or prosecute any one who has damaged the institution which we held in trust?

Mr. LEIPOLD. I am speaking of the trustees.

NO PROCEEDINGS AS AGAINST THE TRUSTEES.

Mr. PURVIS. Well, of the trustees. It is true, gentlemen, that I did not know that any of these trustees had committed any breach or violation of the trust that they held. If they did, certainly it was not wittingly. I do not recollect that they did at any time; and certainly Mr. Creswell ought to have been cognizant of it; if I ever showed an opposing feeling to any proposition that looked to subserving the institution, I would ask the question here of Mr. Creswell?

Mr. GARLAND. Mr. Creswell can reply after you have finished your statement.

Mr. PURVIS. It is very strange that Mr. Leipold should bring up a matter like this of which I have no special recollection, for he knows that none would be more ready than myself to enter heartily into any proposition looking to the interests of the institution. It is utterly astounding to me; but I am not surprised at any charge that he has made. I would put it to Mr. Creswell whether he ever knew, at any time, that I protested against any measure looking towards the best performance of the trust we were holding.

Mr. LEIPOLD. I limited my speech entirely to the matter of the trustees.

Mr. GARLAND. The purpose was, Mr. Purvis, to have you make any statement you might wish to make in response to this question put to Mr. Leipold: "What action, if any, did the commissioners take to collect the Seneca Sandstone Company's loan, and Messrs. Kilbourn and Evans's loan on the note for fifty thousand dollars?" You have heard Mr. Leipold make his statement; now make yours, if you have any recollection of the matter at all.

Mr. PURVIS. All I can recollect is that I was the only one—when I was entering upon my duties as commissioner, I desired to know the history and facts in connection with the Seneca Sandstone Company, and I sought the president of that company, Mr. Alvord, and desired to know if this was a *bona fide* institution, one in which the capital stock had been paid up or not, and demanded of him, or requested of him rather, a list of the stockholders. He brought it to me, and I then desired to know how much they had paid upon their individual shares. He could not recollect until it came to himself, and then I put the question to him directly, and he admitted that he had paid nothing. I soon saw that this was a bogus affair; that it was intended to get a loan from the bank, and that the whole thing was a fraud. And I am sure that I should be the last man, as I directed all my efforts in that way, to have hesitated for a single moment to develop all the facts connected with it. It is not possible that I should have raised any objection in the matter. It is not true. Nobody would believe it of me.

By Mr. WITHERS:

Q. The point is this: Whether any action was taken to collect this money?—A. The point is whether by my not taking action that action was not taken.

By Mr. GORDON:

Q. No; that is not the question at all, addressed to you by the committee. The point is to get your statement distinctly as to what action, if any, this commission took to collect that loan?—A. I will say, none that I know of; I do not know of any.

Mr. GARLAND. Mr. Creswell, will you answer this question: What

action, if any, did this commission take to collect the Seneca Sandstone loan and Kilbourn & Evans' loan on the note of $50,000?

Mr. CRESWELL. This letter, the committee will observe, is dated July 21, 1876, nearly two years after we had taken charge of the assets. We had frequent conversations about this very matter before that.

Mr. WITHERS. By "we," do you mean all the commissioners?

COMMISSIONER CRESWELL'S OPINION ON ACTION AS AGAINST THE TRUSTEES.

Mr. CRESWELL. Some of the commissioners; more than one of the commissioners being present. We had doubted whether there could be any recovery as against these trustees. I myself had very grave doubts about it. We were involved in a great many lawsuits, some three hundred, I think, and the question was as to the best mode of proceeding. After the examination by the Douglas committee had closed, or about that time, some unpleasant feeling was stirred up between some of the trustees and Mr. Leipold. When I first saw this letter, I thought now we must be guarded in the steps we take and be controlled by sound judgment rather than by any personal feeling. Therefore, when the letter was submitted to me, I indorsed upon the back of it, "This matter had best lie over until it can be presented to all the commissioners, Mr. Purvis being now absent from Washington." My object in this was to inquire carefully into the exact attitude of the case, to see whether it was proper for us to proceed against the trustees; and my desire was that we should act in harmony. We had instituted proceedings in Montgomery County, Maryland, with a view to recover the securities—the bonds of this Seneca Sandstone Company. We employed Messrs. Bradley and his assistant—I know the gentleman very well, but his name has escaped me—his partner. They proceeded to Montgomery County and instituted proceedings there in the court. I cannot at this moment recall the gentleman's name.

Mr. LEIPOLD. Was it not Duval?

Mr. CRESWELL. Yes; that is the name—Duval. A bill in chancery was filed there to enforce the claim upon the property for these bonds.

PREFERRED CREDITORS OF THE SENECA BONDS.

By Mr. WITHERS:

Q. What bonds are you referring to?—A. I am referring to certain bonds of the Seneca Sandstone Company that were held by the Freedman's Bank, I think, as collateral for this note. I speak from memory.

By Mr. GORDON:

Q. These bonds you found when you came into office?—A. They were in the custody of the bank when we came in.

By Mr. GARLAND:

Q. As collateral for this note?—A. Yes, as I now remember. That resulted in a decree which asserted our right to these bonds, but certain other creditors were declared to be preferred, and nothing was realized on our bonds. I believe, in fact, that nothing was realized for the preferred creditors, and I am not sure when the sale was effected. At any rate the proceedings there proved the fact that the bonds we held were worthless. This matter was never again called up formally by either Mr. Leipold or Mr. Purvis. I do not know when this indorsement in pencil was put on by Mr. Purvis.

Mr. LEIPOLD. By whom?

Mr. CRESWELL. By Mr. Purvis.

Mr. LEIPOLD. There is no indorsement there by Mr. Purvis.

Mr. CRESWELL. I beg pardon; it is your own indorsement; it is your writing: "This paper was on Mr. Purvis's desk until April 15, 1879, and never acted on. R. L." It being indistinctly traced in pencil, I thought it was Mr. Purvis's. However, there was no action taken as against the trustees. My own impression then was, and is now, that it would have been a profitless litigation for the bank to enter upon; that it would have subjected us to a great deal of expense in the way of counsel fees, and ultimately we would have derived no benefit from it. That is the impression that I had, and under which I asked for the delay, in order to consider the matter carefully, and it is still my impression.

By Mr. GARLAND:

Q. Did you have that direct question examined by your legal adviser?—A. No, sir; I think not.

Q. Was the question considered by the finance committee? It refers to the finance committee, and they indorsed it.—A. Yes, sir; it was indorsed by them.

Q. And it was your opinion that you could not hold them responsible?—A. It was at that time, though it might have been modified by some further examination; but as the case was then presented, that was my opinion.

COMMISSIONERS NOT AGREED AS TO TAKING ACTION AGAINST THE TRUSTEES.

By Mr. WITHERS:

Q. And the commissioners never came to any definite conclusion or took subsequent action upon it?—A. No, sir; it was never called up for final action. Mr. Leipold and myself talked about it a number of times.

Q. You and Mr. Leipold did not agree in your opinion on that point; are you able to state whether Mr. Purvis had any conversation on the subject?—A. Yes, sir; but I never saw in him any disposition to protect these trustees from any alleged abuses of their trust.

Q. But I wish to know whether Mr. Purvis coincided with you and Mr. Leipold as to taking action on these bonds?—A. No, sir.

Q. Mr. Purvis did not?—A. No, sir.

Q. These bonds that you attempted to recover from the Seneca Sandstone Company, are they those mentioned in the special agreement as being deposited as collaterals for the security of that loan?—A. My recollection now is that there were first-mortgage bonds deposited in the first place, and that these were withdrawn and second-mortgage bonds substituted for them.

Q. There is a list of bonds mentioned in that agreement between the finance committee and the company, which were deposited as collaterals for the security of this loan, and all of them were to be returned to the company except the one for $75,000; and these bonds are the ones that the committee subsequently attempted to recover?—A. If you will allow me, I will read the agreement. (Reading):

THE "AGREEMENT" WITH KILBOURN & EVANS.

PRINCIPAL OFFICE OF THE
FREEDMAN'S SAVINGS AND TRUST COMPANY,
Washington, December 30, 1871.

The Freedman's Saving and Trust Company has this day made a loan to John O. Evans and Hallet Kilbourn of fifty thousand dollars, upon the following-described securities as collaterals to their note:

Two thousand four hundred dollars, stock American Dredging Co., Philadelphia; $2,000 Metropolitan Insurance Co. stock, Washington, D. C.; $75,000 M. F. M. & M. Co., 6 per cent. gold bonds, Montgomery Co., Md.; $7,500 Metropolitan Paving Co. stock, Washington, D. C.; $50,000 Washington Market-House, Washington, D. C.

Said note is payable six months after date, with ten per cent. interest; and in case said Evans & Kilbourn's note shall not be paid as it becomes due, then it is fully agreed that the Freedman's Savings and Trust Co. shall keep the seventy-five thousand dollars ($75,000) bonds of the M. F. M. & M. Co. as full payment of said note and interest, and surrender to said Evans & Kilbourn the other securities above enumerated (save and except the $75,000 bonds of the M. F. M. & M. Co.), together with their note.

D. L. EATON, *Actuary.*

On the back of this agreement appear the following indorsements; first this:

Agreement with Hallet Kilbourn and Jno. O. Evans.
Approved.

L. CLEPHANE,
WM. S. HUNTINGTON,
L. TUTTLE,
Finance Committee.

Also this receipt:

Received, Washington, D. C., Nov. 15, 1873, of the actuary of the F. S. & T. Co., the within-mentioned securities, *with the exception of the* $75,000 *bonds of the M. F. M. & M. Co.*, with the understanding that our note for $50,000 is to be returned to us on or before the 18th instant.

HALLET KILBOURN.
JOHN O. EVANS.

Received note as agreed upon.

JOHN O. EVANS.

Mr. CRESWELL (replying). Yes, sir; it appears that other collaterals were deposited under this agreement. The receipt indorsed on the back is for "the within mentioned securities, with the exception of the $75,000 bonds of the Maryland Freestone Mining and Manufacturing Company."

Then further discussion was had as to whether proceedings should be taken against Hallet Kilbourn and Evans on their note. It appears by this receipt on the back that their note had been returned to them.

By Mr. GARLAND:

Q. Now, Mr. Creswell, in the letter of Mr. Leipold addressed to you and Mr. Purvis, he speaks of the opinion of Mr. Totten. Did you ever converse with Mr. Totten about this matter?—A. I do not remember that I did; perhaps I did.

Q. He speaks of Mr. Totten being of opinion that the trustees were liable, and particularly the finance committee that participated in this approval. What is your recollection, if you conferred with Mr. Totten, as to his opinion in reference to it?—A. I have no recollection of conversing with Mr. Totten on that subject; I may have done it, however.

Mr. PURVIS. You say that your opinion is deferred until I shall get back to Washington. I suppose you do not recollect, or do you recollect (as it is a matter that would not perhaps have been brought to your

attention), that I ever had an opposing feeling about that or any other matter that was for the interest of the bank?

Mr. CRESWELL. O, no, Mr. Purvis, I never supposed that you had any feelings that would induce you to shield anybody who had improper connections with the bank.

Mr. PURVIS. Mr. Leipold, when did you write that note upon the back of this letter—on what date—(reading), "This paper was on Mr. Purvis's desk until April 15, 1879, and never acted on. R. L." When did you write that?

By Mr. WITHERS:

Q. That indorsement you put there, did you not, Mr. Leipold?

Mr. LEIPOLD. Yes, sir.

Mr. PURVIS. Well, it was put there three years after. Do you mean to convey the impression that I declined to act upon it?

Mr. LEIPOLD. I mean to say that the matter was discussed between us and that you took the ground that these men ought not to be prosecuted; that you did not think they were guilty of any improper act.

Mr. PURVIS. You say I took that ground?

Mr. LEIPOLD. I do most emphatically say it.

Mr. PURVIS (to Mr. Creswell). Mr. Creswell, do you recollect any such occasion?

Mr. CRESWELL (to Mr. Purvis). I was not listening at the moment; excuse me; will you please repeat the question?

Mr. LEIPOLD (resuming, to Mr. Purvis). I say, Mr. Purvis, that the matter was discussed between us, several times, and that you took the ground that you did not believe that these gentlemen had done anything improper, and we ought not to press the matter against them.

Mr. PURVIS (to Mr. Creswell). Do you remember that I took any such ground as that?

THE TRUSTEES NOT LIABLE TO ACTION IN THE SENECA LOAN.

Mr. CRESWELL. I do not remember.

The committee will observe that the finance committee had approved this transaction; it is signed by L. Clephane, William S. Huntington, and L. Tuttle. My opinion was that to recover against them, we would be obliged to show in court that they had proceeded corruptly. I knew Mr. Tuttle by reputation; I had heard his statement about the transaction, and I did not believe that we could succeed in fastening upon him any such imputation. Huntington was dead, and Mr. Clephane I believe I did not know; I do not believe that I had ever met him more than casually; and that was the reason why I hesitated in authorizing that proceeding. Of course we could not reach Mr. Huntington, he being dead, nor could we reach the others except by showing improper and corrupt motives.

Mr. LEIPOLD. The points in the case, are somewhat different from those stated by Mr. Creswell. I addressed a letter directing the trustee named in the mortgage to proceed to sell the property under the mortgage covering the bonds.

By Mr. GARLAND:

Q. A letter to whom?

Mr. LEIPOLD. A letter to Joseph T. Brown, who was trustee in the mortgage securing these bonds. And this Joseph T. Brown about the same time received another communication, from an opposing interest,

requiring him to proceed to the sale of the property under the first-mortgage bond; and although our letter reached him first, he nevertheless proceeded under the first-mortgage bond, and it was subsequent to that that we were brought into the courts about it.

Adjourned to Thursday, January 22, 1880.

COMMITTEE ROOM OF THE SENATE SELECT COMMITTEE ON THE FREEDMAN'S SAVINGS AND TRUST COMPANY,
WASHINGTON, D. C., *January* 22, 1880.

The Select Committee of the Senate on the Freedman's Savings and Trust Company met this day, in the committee room of the Senate Committee on Manufactures, at ten o'clock, a. m.

Present, Messrs. B. K. Bruce (Chairman) and A. H. Garland.

TESTIMONY OF HENRY D. COOKE.

HENRY D. COOKE recalled.

By the CHAIRMAN:

Question. Let me ask you, Mr. Cooke, what relation, if any, you sustained to the Young Men's Christian Association of this city, in April, 1871?—Answer. I was a member of the association, and I think I was a member of some of its committees—which of the committees I could not state.

Q. Were you an officer in the association?—A. No, sir; I think not.

Q. Were you a stockholder?—A. I held stock at one time, but I gave my stock to the association; I could not say whether that was before 1871 or afterward.

Q. Can you say when you became a member of the association?—A. No, sir.

Q. Nor when your membership terminated?—A. I do not think it terminated at all.

Q. You are still a member, then?—A. I think so; although not an active member; because I am away a great deal of the time.

Q. You say you are not now a stockholder?—A. I am not an active member; I have not been for years.

Q. You cannot say how long you were a stockholder?—A. No, sir; because I gave my stock to the association; I do not remember when it was, it has been so long ago.

Q. You do not know whether it was since 1874, or before that time?—A. I cannot say.

Q. I refer to the stock.—A. I think it was before the year 1874, but I cannot be positive.

LOAN TO THE YOUNG MEN'S CHRISTIAN ASSOCIATION.

Q. Well, did you ever, while sustaining these relations—the relations you have mentioned, to the Young Men's Christian Association, being also a member of the finance committee of the Freedman's Bank—negotiate a loan from the Freedman's Bank for the Young Men's Christian Association?—A. Not that I remember; if I did, I have no recollection of it.

Q. Well, were you a member of the finance committee from 1867 to 1872—a period of six years?—A. I cannot be positive as to the actual

dates. I do not remember when I became connected with the Freedman's Bank.

Q. But that was, if I mistake not, one of the points submitted to you in your interrogation the other day, upon which you asked further time for consideration, with a view of refreshing your memory; was it not?—A. No, sir; I think not.

By Mr. GARLAND:

Q. You might answer that, Mr. Cooke, by saying about what time you became a member of the Young Men's Christian Association, and about what time you ceased to be a member of the finance committee of the bank.—A. You see, going back ten or fifteen years, I cannot fix the dates precisely.

Q. I understand; but you can approximate to it, can you not; say within five or six, or seven years, whatever it is?—A. Well, I can say that I was a member, I think about five or six years.

Q. About five or six years, you think?—A. Yes, sir, I think so; and my connection terminated in January, 1872, or perhaps some time during 1871.

LOANS TO THE SENECA SANDSTONE COMPANY.

By the CHAIRMAN:

Q. Mr. Cooke, what relation or connection did you have with the Seneca Sandstone Company in 1870 and 1871?—A. I was a stockholder and one of the directors of that company.

Q. Please state all you know of the loans made by the bank to the Seneca Sandstone Company, in May, 1870, in July, 1870, and in July, 1871; inform us as to who negotiated the loans for the Seneca Sandstone Company, upon what security they were made, and who were the finance committee that approved the loans on those securities.—A. Do you mean the loans made at those specified dates?

Q. The loans were made at those dates.—A. I have no positive recollection about those loans.

Q. You have no recollection of the other loans I have referred to?—A. No, sir.

By Mr. GARLAND:

Q. They appear to have been made when you were a member of the finance committee, in 1870 and 1871.—A. Yes, sir; I was a member of the finance committee at that time, but I do not recollect; it was one matter of business detail amongst hundreds of others that engaged my attention at that time.

Q. Well, that was a little more prominent than some of the matters of business detail amongst hundreds of others, was it not? Was it not larger and more important than most of the other matters that came before you?—A. No, sir; not larger nor more important than business matters that I was attending to daily.

Q. But was there not a good deal more negotiation about that, in fixing it up?—A. I had nothing to do with it; I have no recollection of it.

Q. You do not remember whether the finance committee passed upon it all?—A. No, sir; at least I have no recollection now of it; it may have been so, but I have no distinct recollection of it.

Q. Well, when we adjourned the other day, you remember, you were requested to refresh your memory upon some points on which we had

been questioning you; have you made any examination with reference to these?—A. No, sir; I supposed I was to be examined as to certain specific points, in which these matters were not included at all.

Q. You do not know, then, who approved the various propositions made by this Seneca Sandstone Company?—A. My impression always has been, and my recollection also, that this was done by the balance of the members of the committee, particularly, perhaps, Mr. Huntington.

Q. Did not you and Mr. Huntington approve a great many loans, and make a great many negotiations by yourselves, without reference to the finance committee?—A. I do not think we ever approved a loan without the consent of the committee.

Q. There was a requirement that three should constitute a quorum of the committee, was there not?—A. I think we got that, in all cases.

Q. And you do not think that you and Mr. Huntington alone acted for the committee?—A. No, sir.

Q. What business relations did Huntington bear toward you, outside of this?—A. He was cashier of the First National Bank, of which I was president.

Q. You were president and he was cashier?—A. Yes, sir; of the First National Bank of the District.

YOUNG MEN'S CHRISTIAN ASSOCIATION LOAN.

Q. It appears in the books, somewhere, Mr. Cooke, that a loan was negotiated by yourself and General Howard, as officers of the Young Men's Christian Association; do you recollect the history of that?—A. No, sir.

Q. Do you recollect approving that loan, as one of the finance committee?—A. No, sir. I do not know what the loan was.

Q. You have no recollection, then, of the matter, so as to give us any information in regard to it?—A. No, sir; I can say generally, in regard to those things that happened at that time—so many years ago—that I would not be able to trust my memory so far as to state, specifically, anything about them.

Q. Well, I will ask you this question: Were you directly interested in that loan?—A. I do not know what the loan was.

Q. The loan appears to have been from the Freedman's Bank to the Young Men's Christian Association. It seems that it was made through the efforts of General Howard and yourself; that is, that is the impression; I do not know whether it is so or not; and I want to find out whether that is true. You say that you do not recollect now whether you had any agency in it at all?—A. No, sir; I do not recollect, at this time, making any loan whatever.

Q. Do you recollect whether General Howard ever made such a loan?—A. No, sir; I do not recollect about it—not anything about it at all.

The CHAIRMAN. I have sent for the minutes of the finance committee. We shall then inquire further of you, Mr. Cooke, as to matters touching this Seneca Sandstone loan.

Mr. COOKE. I want to say here, gentlemen, that I have not the slightest objection, and could not have possibly, to stating anything that I remember about these matters that are the subject of your interrogatories. If I could do so, I would with pleasure; but I was at that time doing the work of two or three men, ordinarily. I was president of the bank and acting as a member of the firm of Jay Cooke & Co., when we were pushing the government loans, and had all that enormous work on

hand; and this was entirely an outside and subsidiary thing, that I was in voluntarily, simply from a sincere desire to do good. These matters were all incidental to my regular business.

THE SENECA SANDSTONE COMPANY LOAN.

By the CHAIRMAN:

Q. Have you any knowledge, Mr. Cooke, of the purchase by the bank of twenty thousand dollars first-mortgage bonds of the Seneca Sandstone Company and the agreement of the Seneca Sandstone Company to repurchase them within two years; and have you any knowledge of the repurchase by the Seneca Sandstone Company, through Dr. Kidwell, of the twenty thousand dollars first-mortgage bonds?—A. No, sir.

Q. Have you any knowledge whatever of that transaction?—A. I have no knowledge of it except that I am reminded of it by this question and this discussion.

Q. Do you know whether the Freedman's Bank received the benefit of the money—$20,580—purporting to have been paid by Kidwell, through Actuary Eaton, for these bonds, in January, 1872?—A. I suppose the books will show whether or not the bank received the money.

Q. Well, I wanted to get your knowledge of the transaction?—A. No; I never had any connection with the transaction; that is, I do not remember now of having had any.

By Mr. GARLAND:

Q. In the examination before the Douglas committee, as it is called, Mr. Kidwell spoke of this Seneca Sandstone Company loan, and said, "It was made without my knowledge through Cooke and Huntington, who were the financial agents of the company." This has reference to the Seneca Sandstone Company; it seems that Mr. Kidwell, in his testimony, puts you and Huntington down as agents of that company.—A. We were not agents of the company any more than he was or than any other member of the board of directors. I did the company a great many favors afterward. I helped them and loaned them money. They owe us now some twenty or thirty thousand dollars.

Q. Then you did not effect that loan; the loan to the company was not effected through you?—A. No, sir; I had nothing to do with it. Mr. Kidwell is no doubt sincere in his impression, but he is mistaken in that matter.

Q. Well, do you recollect who were the agents of the company in making that loan?—A. My impression is that the financial matters were all carried on by Mr. Hayden—Mr. C. W. Hayden—who was the manager of the company.

Q. Well, have you any explanation as to why Kidwell was impressed with the idea that you and Huntington were agents of the company? He states here, in his testimony——

WITNESS. (Interrupting.) Well, I have given the reason for it, Mr. Garland. I was always ready to help the company when appealed to, and I did so frequently.

By Mr. GARLAND:

Q. You do not know of any other reason, then, why he should have reached the conclusion that you were their agent in making that loan?—A. No, sir.

Q. Nothing more than that you had done the company favors from time to time?—A. Nothing more. My impression is that that was done

in the regular course of business by Mr. Hayden, who was the superintendent of the company.

Q. Do you know whether Kidwell himself sustained any relation to the Seneca Sandstone Company?—A. O, yes; Mr. Kidwell was one of the stockholders.

Q. Did he have any other relation to the company?—A. He was also a member of the board of directors, and took an active part in managing and advising.

Q. He says, however, that the loan was made without his knowledge. —A. Well, that would only confirm my theory, that it was done by Mr. Hayden. It was probably one of the matters that came right along in the regular course of business.

THE R. P. DODGE LOAN.

Q. Do you know anything of the loan to R. P. Dodge of January 24 1870? If you do, Mr. Cooke, tell us all you know about it; how it was arranged, &c.—A. I do not know anything about that loan.

Q. You do not?—A. No, sir.

Q. Can you call to mind any loan having been made by the officers of the bank without the approval of the finance committee?—A. As I stated the other day, a great many of these loans were made by the actuary, Colonel Eaton, in the regular course of business, which were reported at the monthly meetings of the board. In these cases it was not considered necessary that the finance committee should act before the loans were consummated; although they were reported, I do not remember now, really, whether it was to the finance committee or to the meeting of the board, at which, you know, the finance committee were present.

Q. Do I understand you that in any instance money was actually given out on loans before the approval of the finance committee or board of trustees was first had?—A. In our current business, yes, sir; all investments of importance were considered, and approved or advised against, by the finance committee.

Q. But were they actually consummated and the money passed to the credit of or handed to the parties making loans, without the approval of the board, or of the finance committee?—A. I think not; not the large loans or loans of importance; current business, of course, could not be done in any other way; you could not do any current business, if you had to call a meeting of the financial committee every time to pass upon them.

Q. You would answer, then, that there were no large or important loans consummated without the approval of the board, or of the committee; but that in matters of current business, loans were done in that way; is that your response to this question?—A. Yes, sir.

THE VANDENBURGH LOANS.

Q. Do you recollect anything, Mr. Cooke, as to the Vandenburgh loans, made in June, August, and September, 1871?—A. No, sir; I do not.

Q. They were not effected through you at all?—A. No, sir; they were not.

Q. You had no agency in or connection with them?—A. They may possibly have been reported to the board, of which I was a member.

Q. Were you a member of the board of trustees at that time?—A. I

do not recollect, positively, whether I was or not; I cannot say, certainly.

Q. Would they not have been reported to the board?—A. I suppose that they would have been; they certainly would have been if they, were of large amounts, or if there was any peculiar feature in the transaction involving a greater than usual length of time, or involving the character of the securities on which they were to be made.

Q. Do you recollect the character of the securities offered or given for this loan, or any of them?—A. No, sir; I have no recollection of it whatever.

Q. Do you recollect whether you signed any of them as an individual, or trustee, or agent of any company or companies that you were a member of?—A. No, sir; well, I may have signed them without knowing what Mr. Vandenburgh was going to do with them—where he was going to negotiate them; I may have done that, but I do not know; I do not remember anything about it; I can give no information whatever concerning these loans.

Q. Did you sign any of these securities as a member of the board of public works?—A. I may have done so; very possibly I did, sir.

Q. What is your recollection about it, Mr. Cooke?—A. I have no recollection about it at all, because we had hundreds and thousands of these transactions, I might say. I signed them in piles every day, almost. We had hundreds of contractors at work here; and some of these may have been Vandenburgh's, for all I know. There is nothing connected with it that can fix my recollection upon that point specifically or positively.

Q. Mr. Joseph J. Stewart testified before the Douglas committee. When the question was put to him, "Who constituted the board of public works of the District at the time these certificates were issued and the loans were obtained on them?" (referring to the Vandenburgh loans,) he replied, "I can only answer that on public information. I remember that the names which were signed to such certificates were Alexander R. Shepherd, Henry D. Cooke, S. P. Brown, and a Mr. Magruder."—A. Well, I could not deny that, or affirm that, because I have not seen the certificates; but I think it very probable that he is right. We signed them officially, in our capacity as a board, together with hundreds of other contractors' certificates. We certified what was due on their work from time to time.

By Mr. WITHERS:

Q. Mr. Vandenburgh was a large contractor at that time, was he not?—A. Yes, sir; he was continually sending in estimates of work done, and then our officers computed the amount due on the work done, issuing certificates for these amounts.

Q. That is, certificates were issued to the contractors for these amounts due them?—A. Yes, sir; and it would be impossible for me or any one else to keep these things specifically in mind. I could not be expected to remember each certificate, and the circumstances attending the issuing of it.

THE LOAN TO J. J. STEWART.

By Mr. GARLAND:

Q. Do you recollect whether Mr. Stewart protested at that time against——

The WITNESS (interrupting). No, sir; I do not even know who Mr. Stewart is.

Q. You have no recollection whatever of the loan to Mr. Stewart, or of any of the circumstances connected with it?—A. No, sir; I do not recollect anything about that at all.

LOAN TO WILLIAM S. HUNTINGTON.

Q. There seems to be a loan to William S. Huntington, on May 15, 1871. Mr. Cooke, have you any knowledge of that? If so, tell us all you know about it, so that it will not be necessary to ask on that point again.—A. I know nothing at all about it.

Q. If that loan was made at this time, it was while you were a member of the finance committee, was it not? It was May 15, 1871, and you say that you did not go out until some time in January, 1872?—A. Yes, sir.

Q. Mr. Huntington was also connected with your banking institution at that time?—A. Yes, sir; he was cashier and I was president of the First National Bank.

Q. Well, what do you know about the loan?—A. It may have been made; it is quite possible that it was made while I was away from the city. I was frequently absent. I had been in Europe.

Q. This was the same Mr. Huntington, was it?—A. Yes, sir; the same; but of course I could not be cognizant of every transaction that he made.

Q. What I want to get at is, you and Huntington were members of the finance committee of the Freedman's Bank, and Huntington was an officer of the bank of which you were president?—A. Yes, sir.

THE LOANS TO HALLET KILBOURN.

Q. Can you tell what loans were made to Hallet Kilbourn, and the securities that were given, and who approved them? In fact, give us your general knowledge of the whole matter.—A. I do not know what loans were made to Hallet Kilbourn, and I do not know the securities that were given on them.

Q. Have you any recollection whatever about any loans to Kilbourn?—A. I have not.

Q. And know nothing of the securities that were offered?—A. No, sir; I know nothing about either the loans or securities in that case. I know nothing whatever of the transaction.

Q. That covers the period from October, 1870, to January, 1872—a period during which, as you say, you were a member of the board of trustees of the bank?—A. I was still a member of the board, but for the last six or eight months had taken but very little active interest in it.

LOANS TO GEORGE W. BALLOCH.

Q. What do you know of the loans made to George W. Balloch?—A. Nothing at all.

Q. Have you any recollection of the date, amount, securities offered, or anything else in regard to that?—A. No, sir; I had tendered my resignation to Mr. Eaton, the actuary of the bank, nearly a year before.

By Mr. WITHERS:

Q. It had been accepted?—A. It was not accepted at the time.

Q. Did you subsequently to that time act at any time as a member of

the finance board?—A. I can say this, gentlemen, that I had comparatively little to do with it. The finance committee was composed of respectable gentlemen in whom I had entire confidence, and I suspended my resignation by withdrawing it, at Mr. Eaton's request and earnest solicitation. He said that if I withdrew my name it would do the concern harm and really I was only nominally connected with the board for six or eight months before I absolutely made my resignation a finality. That is why I have to reply as I do to this question, and as I do to a great many of your questions as to what occurred. I know that many loans and other financial transactions were carried out by the board without my personal and active participation.

LOANS TO R. I. FLEMING.

By Mr. GARLAND:

Q. What do you recollect, if anything, about the loans made to R. I. Fleming?—A. I do not know anything about them, whether they were for ten thousand dollars or five thousand dollars, or whether there was any loan at all. I do not know anything about it.

Q. Well, it appears that loans were made in March, 1870, and along to January, 1872, at different periods. You say that you have no information or knowledge concerning them?—A. I have none whatever.

Q. It seems that they amounted in all to some $227,896.00; perhaps the fact that they were for such a large sum will bring the matter to your recollection. Would not the loaning of so large a sum have impressed you with the fact and circumstances connected with it?—A. I have no recollection whatever of those loans, or any of them.

LOANS TO GENERAL O. O. HOWARD.

Q. Do you recollect, Mr. Cooke, anything concerning the loans to General O. O. Howard by the Freedman's Savings and Trust Company? If you do, please give a statement of them, how they were effected through the bank, what securities were given, the character of them, and all that.—A. I recollect that General O. O. Howard had some transactions with the bank in the form of loans, but I could not at this distance of time give any particulars. I do not know the amount; I do not know what the securities were. I suppose, however, that the securities were considered sufficient at the time. I have just that general recollection, and no more.

Q. You do not remember, then, whether the security was entirely personal or not?—A. My impression is—though I could not state it as an absolute fact—my impression is that it was loaned on real estate out here—the Howard University; but I may be mistaken about that. I have an indistinct impression also that it was on property opposite the river here, at Greensboro'.

Mr. WITHERS. Giesboro', Maryland, you probably mean, Mr. Cooke?

Mr. LEIPOLD. "The Barry Farm."

Mr. COOKE. I do not remember the name of it, but it was property on the other side of the river, opposite the navy-yard here.

Q. Who approved the securities on which the loan was made? Do you remember whether you did or not, as one of the committee?—A. I do not recollect it, but I think it very probable, because I thought it a good loan at the time.

Q. Who else with you approved it, Mr. Cooke?—A. That I cannot tell.

Mr. PURVIS. With your permission, Mr. Chairman, I would like to ask a question here, bearing on this matter, before you are through with Governor Cooke. I should like to know, governor, whether you did not resign as trustee of the bank after the loan was made to the Seneca Sandstone Company?

Mr. COOKE. I do not know, now, when this loan was made to the Seneca Sandstone Company.

Mr. PURVIS. Well, in what year did you resign? That will answer my purpose.

Mr. COOKE. I resigned nearly a year before my resignation was accepted and made a finality.

Mr. PURVIS. When was it accepted, in what year?

Mr. COOKE. Early in January.

Mr. PURVIS. January of 1872?

Mr. COOKE. I believe so, sir.

Mr. PURVIS. And with you the rest of the trustees constituting the finance committee?

Mr. COOKE. I do not know that they resigned. I resigned.

TESTIMONY OF LEWIS CLEPHANE.

WASHINGTON, D. C., *January* 22, 1880.

Mr. LEWIS CLEPHANE recalled.

By the CHAIRMAN:

Question. When did your connection as officer or member of the finance committee of the Freedman's Bank begin, and when did it cease?—Answer. I think I was elected a member of the committee sometime in 1869, and my resignation was accepted in March, 1872.

Q. Have you read the charter and by-laws of the bank?—A. Yes, sir.

Q. Then I suppose you are familiar with all the requirements of the law in reference to the class of securities to be accepted and the power of the finance committee?—A. Yes, sir.

THE SENECA SANDSTONE COMPANY LOANS.

Q. Please state what you know of the loans made by the bank to the Seneca Sandstone Company in May, 1870, July, 1870, and July, 1871. On that point I will ask you to give all the information you can.—A. Well, I really had no positive informa ion concerning any of these loans except probably the first one, which I think was the purchase of the first-mortgage bonds of twenty thousand dollars, or really, the purchase of eighteen thousand dollars. After that I do not know about the transactions of the Seneca Stone Company.

Q. You were a member of the finance committee at that time, were you not?—A. Yes, sir; I think I was. From the time I went in I was a member of the finance committee.

By Mr. WITHERS:

Q. You know nothing of any loan subsequently granted to this company, or the character of the securities upon which it was based?—A. No, sir; nothing at that time; of course I have learned some things about it since.

Q. You say you remember the purchase by the bank of twenty thousand dollars first-mortgage bonds?—A. I remember that first transaction.

Q. Will you state your knowledge of that transaction?—A. I do not know that I have any recollection of the details of that transaction.

Q. Do you remember the agreement of the Seneca Sandstone Company to repurchase these two notes; and have you any knowledge of the purchase by the Seneca Company, through Dr. Kidwell, of twenty thousand dollars first-mortgage bonds?—A. I have no knowledge of that at all. As I stated the other day, I very seldom attended the meetings of the finance committee. In 1870 and 1871 I was receiver for a railroad, which took me to different parts of the city, and I could not attend.

Q. I believe I asked you the other day to give the committee your knowledge of an agreement under date December 30, 1871, did I not, relative to transfer of the loan in the name of the Seneca Sandstone Company?—A. Yes, sir; I stated what I knew of it at that time.

Q. Do you remember now, or have you made an examination since your attention was called to it at the last meeting?—A. In what respect?

Q. You then, if I remember, said that you did not recollect, or words to that effect, because so long a time had elapsed since?—A. I simply stated that Mr. Eaton brought me a paper to sign.

Q. That is all you remember?—A. And that it was for the purpose of getting additional security to that loan; and, without reading the paper particularly, I took his word for it, and approved it as additional security for the loan.

Q. Do you remember whether Mr. Kidwell or any other person proposed to you to protect the bank by substituting in lieu of the twenty thousand dollars first-mortgage bonds, other and better securities for fifty thousand dollars?—A. I never had any conversation with Mr. Kidwell or any other person on the subject.

THE LOAN TO R. P. DODGE.

Q. Will you tell the committee all you know of the loan to Dodge—R. P. Dodge—January 24, 1870, of $13,786.50?—A. I have no knowledge whatever of that loan.

THE VANDENBURGH LOANS.

Q. What do you know of the Vandenburgh loans made in August, June, and September, 1871, and the character of the securities approved by the finance committee?—A. I do not remember anything about those loans; I do not remember whether I approved any as a member of the finance committee; I might have done so, but I have no recollection about it.

Q. You have no recollection whatever about it?—A. No, sir. These loans were generally made by Mr. Eaton, the actuary, on District securities, I think they were.

Q. And not approved by the committee?—A. I think not; I do not think the committee passed on them; at least, not to my knowledge; I do not think I was there; it might have been done by other members of the committee.

Q. You have no knewledge whether this loan was ever submitted to the finance committee for their approval?—A. No, sir.

THE LOAN TO WILLIAM S. HUNTINGTON.

Q. Will you tell the committee what you know of the loans made by the Freedman's Bank to William S. Huntington May 15, 1871, and on what class of security the loans were made and what members of the finance committee authorized them?—A. I do not remember of any loans made to Mr. Huntington at any meeting of the finance committee when I was present, and yet I know that Mr. Huntington did borrow.

Q. And you were not present at any meeting of the finance committee who approved the loans to Mr. Huntington?—A. No; I do not remember that I was.

Q. Mr. Huntington was himself a member of the finance committee, was he not?—A. Yes, sir.

Q. And he borrowed money at the time from the Freedman's Bank?—A. Yes, sir; so I believe.

Q. I believe you told me a moment ago that you had read the charter and by-laws of the bank?—A. Of course, if these particular loans were brought to my attention I might probably refresh my memory about them.

THE LOANS TO HALLET KILBOURN.

Q. Well, what is your recollection of the loans made to Hallet Kilbourn by the Freedman's Bank from October 17, 1870, to January 21, 1872, and tell the committee, if you can, what securities were given?—A. Those I know nothing about.

By Mr. GARLAND:

Q. In that connection I will ask: did you indorse for Kilbourn in that loan?—A. No, sir; not that I am aware of; I do not know what it was.

Q. Do you recollect indorsing for anybody making loans of the Freedman's Bank?—A. Making loans from the Freedman's Bank?

Q. Yes.—A. No, sir; I think sometimes there may have been transactions of Mr. Huntington's, or he may have used them at the Freedman's Bank when we supposed they would be used at the First National Bank.

Q. Now, in the exhibits of one of the records there, it appears that you were one of the sureties for Kilbourn. (Referring to record.)—A. I think possibly I was on that note, but I do not know that it ever went to the Freedman's Bank. That was a transaction of Mr. Huntington in the First National Bank.

Q. It was not, then, surety upon a direct note, given for a note; it was collateral?—A. It was collateral.

Q. That is the explanation?—A. Yes, sir; as I supposed it was done by Mr. Huntington through the First National Bank.

Q. Was there any other note that you know of, but that one, that you went on?—A. Yes, there is another one here of a later date.

LOAN ON THE METROPOLITAN PAVING COMPANY'S STOCK.

Q. The same parties?—A. The same parties, yes, sir; Kilbourn and Lewis Clephane, two thousand dollars; the Metropolitan Paving Company. It was a loan upon the Metropolitan Paving Company's stock, July 6, 1873.

By Mr. WITHERS:

Q. That was subsequent to your retiring from the Finance Committee?—A. Yes, sir; I will state that Mr. Huntington was treasurer of the Metropolitan Paving Company.

Q. What was your connection with it?—A. I was president of that company; and we made loans generally through Mr. Huntington, as we supposed, from the First National Bank. He did use, I know, some of our securities which we had deposited with him as treasurer in the Freedman's Bank. I discovered that afterwards.

Q. For whom did he get these loans? For his own benefit or somebody else's?—A. I cannot tell for whom. That I did not know at the time.

Q. You say you ascertained that he used securities belonging to the First National Bank?—A. No; securities belonging to the Metropolitan Paving Company, of which he was treasurer.

Q. Securities which he had accepted as treasurer and used as the basis of loans to individuals?—A. It was not discovered until after Mr. Huntington's death, when after settling up his accounts it was found that there were some securities or transactions with the Freedman's Bank.

Q. Securities which were deposited there without the knowledge or authority of the company of which he was treasurer?—A. Yes, sir; but I believe all these notes have been paid. I should have regarded it as a safe transaction in any event.

THE HALLET KILBOURN LOAN.

By the CHAIRMAN:

Q. Mr. Clephane, will you be good enough to tell us what you know about a loan of the Freedman's Bank to Hallet Kilbourn?—A. I know nothing about that loan.

Q. This is the loan of October 17, 1870, made to Hallet Kilbourn & Co.?—A. Yes, sir; I do not know anything about it. I do not remember what it was. May I ask whether it was on real estate security?

Q. Yes, partly on real estate security.—A. I do not remember.

THE LOAN TO GEORGE W. BALLOCH.

Q. What do you know of a loan made to George W. Balloch while he was a member of the finance committee?—A. I do not remember anything at all about that.

Q. Do you know whether any loans were made to him or not?—A. I could not call them to mind at present. Of course a good deal of information has been gathered upon it since.

THE LOANS TO R. I. FLEMING.

Q. From March 14, 1870, to January, 1872, certain loans were made to R. I. Fleming. I should like to ask you about them?—A. These I have no knowledge of. I think they were done by Mr. Eaton, the actuary. He was builder and contractor of the Freedman's Bank building.

LOANS TO GENERAL O. O. HOWARD.

Q. Can you tell us of the loans made to General O. O. Howard by the

Freedman's Bank October 3, 1870, or October 11, 1871?—A. Well, I have but a faint recollection that there were some such loans made to General O. O. Howard. The character of them I do not remember at this time, or which particular ones you refer to.

Q. All the transactions to which I called your attention occurred while you were a member of the finance committee, did they not?—A. I presume so.

Q. You have no recollection of any one of these transactions except the one to which you referred at the last meeting of this committee, in which Mr. Eaton asked you to sign your name to that paper?—A. That is the particular one that I remember, because that has been vividly called to my mind by the transaction since. I might have approved a good many of these loans, but I cannot recollect them at this time.

Mr. PURVIS. For the same reason as intimated I would like to ask Mr. Clephane, inasmuch as he resigned as trustee of the bank in 1872, whether as a matter of course it is not a fact that he had nothing to do in appointing the commissioners?

Mr. CLEPHANE. Yes, sir; it is a fact that I had nothing to do with the election of commissioners.

Mr. PURVIS. Will you allow me to ask whether the rest of the trustees associated with you on the finance committee resigned at the same time?

Mr. CLEPHANE. I think we had a new election for trustees of the finance committee, and I positively declined serving. Before my resignation as trustee I positively declined re-election.

Mr. PURVIS. Well, did you not know that all associated with you likewise resigned?

Mr. CLEPHANE. I think they did, except, possibly, Mr. Tuttle; I do not know whether he did or not. I had tried to resign several times, but Mr. Alvord never would allow me. I never could get off, although I had positively said I would not serve.

THE LOAN TO EDWARD S. FOWLER.

By the CHAIRMAN:

Q. Do you remember a loan made July 9, 1872, to Edward S. Fowler?—A. To whom?

Q. To Edward S. Fowler.—A. I do not know him at all; I do not know anything about that.

The CHAIRMAN. That is all, Mr. Clephane.

TESTIMONY OF HENRY D. COOKE—*Continued.*

WASHINGTON, D. C., *January* 22, 1880.

HENRY D. COOKE recalled.

THE SENECA SANDSTONE LOAN.

By the CHAIRMAN:

Q. I asked you a question about the loan made to the Seneca Sandstone Company, and you had forgotten whether you were present at the meeting of the committee which approved it or not. It will refresh

your memory to look at this report made by you upon which the loans seem to have been made (handing to witness the minute-book of the finance committee).

By Mr. GARLAND:

Q. Examine the book, governor, and see if you recognize it as being the minutes of the committee.—A. I do not remember ever seeing this book before.

By the CHAIRMAN:

Q. Is not that your signature (indicating)?—A. Well, I can probably tell when I get down to it (examining closely). My impression is that this is one of Mr. Eaton's reports as actuary, and prepared for the finance committee. I may have signed it. I do not know; I have no recollection of it. I do not recollect when I saw it, and have no recollection of it now. I supposed it was prepared by Mr. Eaton for the finance committee.

Q. Well, Mr. Cooke, do you recognize the signature?—A. That looks like my signature.

Q. You cannot say that it is or is not your signature?—A. I cannot say that it is not my signature, and I believe it looks like my signature. It is done in a hurry, evidently, which may have caused a departure from my usual form of signature. I do not wish to throw any doubt on it at all. There is nothing in that report that I object to. Everything I have said there about the quarry I believe, and I believe it now; I think it is true. I had full confidence in that company, and I showed my confidence in it by putting my own money there; but it has not turned out as well as we hoped for. It is a misfortune that I have suffered from, and that I of course regret. Individually, I have lost probably a good deal more than the bank has lost in this loan.

By Mr. WITHERS:

Q. We wish to verify the report of the finance committee and this signature?—A. Yes, sir.

By the CHAIRMAN:

Q. That is our object in referring you to these minutes.—A. Well, I can say that I believe that is a report prepared by the actuary and presented to the committee and adopted by the committee and transmitted to the board of directors.

EXCHANGE OF THE SENECA COMPANY'S BONDS.

By Mr. GARLAND:

Q. I want to ask you about the matter in the examination before the Douglas committee. Dr. Purvis, on February 19, 1876, testifies to a question as follows:

Was there any paper or order signed by any person authorizing the exchange of first-mortgage bonds for second-mortgage bonds?

This is in reference, Mr. Cooke, to the Seneca Sandstone Company, about which you have been interrogated. He answers:

Never. Mr. Tuttle says that Mr. Cooke had a hand in getting them exchanged; that he came to him one day, when he was busy signing bonds, and said, "I wish you would sign this paper in reference to the Seneca Sandstone Company." Cooke said that it was carrying out the wish of the board of trustees. Tuttle did not know what it was, and he said, "Mr. Cooke, I have not time to read it; I am busy now signing bonds." Cooke asked him whether he would not believe what he said. "Well," said Tuttle, "you have been the financial agent of the government, and have had a great

many millions pass through your hands. I have no doubt of what you say, and I will take your word." So he just signed his name to the paper, and Cooke went away with it. And that is the way Tuttle says that the first-mortgage bonds were exchanged for second-mortgage bonds. I met Mr. Tuttle on the street yesterday, and he told me this story, and says that Cooke will not deny it.

Q. A question was propounded to you, Mr. Cooke, in reference to the Seneca Sandstone Company, and you did not seem to have any particular recollection of that matter. Have you any better recollection of it now?—A. No; I had not then, and I have not now.

Q. What do you say in reference to your statement concerning your agency in it?—A. I say that Mr. Tuttle—without impugning his veracity—has made a mistake. He said he did not read the paper; that he had not time to read it; that he did not know what the paper was, but signed it simply on my statement that the board or the finance committee wanted him to; that for that reason he signed it. Now, I am very positive on that point, as I said that I never knew anything about the exchange of these bonds; at least I do not recollect anything about it. I have not the slightest remembrance of it, and I do not believe I ever had anything to do with it.

By Mr. GARLAND:

Q. You do not recollect asking Mr. Tuttle if he would not take your word for the matter as detailed there, through Dr. Purvis, as coming from Mr. Tuttle?—A. No, sir; I do not recollect asking Mr. Tuttle that. It might have happened very easily, however, because in all the thousands of transactions I had—I was an extremely busy man in those days—and to recollect what occurred incidentally in this way, I cannot do it. Let me see, that was ten or twelve years ago, was it not?

Mr. GARLAND. Yes; it was nine or ten years ago.

Mr. COOKE. To recollect all these things that happened so many years ago is simply impossible.

By Mr. WITHERS:

Q. You have no recollection whatever, governor, as I understood you, of having had any agency in securing this exchange of first-mortgage bonds for second-mortgage bonds?—A. No, sir; I am very positive on that point, because I have been under that impression in my own feeling and consciousness, amounting to a certainty in my own mind, that there was nothing in that matter for anybody to find any fault with me about, because I had nothing whatever to do with it.

Q. Were you aware of the fact that such an exchange had been made?—A. No, sir; not until afterwards—a long time afterwards.

By the CHAIRMAN:

Q. Do you remember, Mr. Cooke, the purchase of the twenty-thousand dollars first-mortgage bonds of the bank?—A. No, sir; I rather think I have an impression of that, but I do not remember any of the details connected with it. The only difficulty about my answering all these questions in a perfectly satisfactory manner, is that they relate to operations that occurred years ago, and when I was only one of a board and only one of a committee, and having my special business which required so much of my time as to cause these incidental matters to make but a slight impression upon my mind; and I was not impressed by them as I would have been by transactions of my own.

MR. COOKE'S REPLY TO DR. PURVIS'S TESTIMONY.

By Mr. GARLAND:

Q. Has your attention ever been called to this piece of testimony be-

fore?—A. No, sir; I never saw it before. I assure you that I never read this report or this testimony.

Q. Upon this short notice of that, what solution could there be in your mind, or what explanation could be given in your mind, as a reason why Mr. Tuttle gave that statement that Dr. Purvis makes? Was there any difficulty or misunderstanding, any trouble between you and Mr. Tuttle? Can you divine in your own mind why he would have stated that to Dr. Purvis? You see this is very explicit from the way it is stated?—A. The matter refutes itself. He goes on to say that I brought a paper to him of such and such a tenor, and then says he had not time to read it, and did not read it, or did not know what it was.

Q. But he states very positively that it was in reference to this very transaction, and that the transaction was consummated by that act?—A. Well, I can only say, I can only repeat, that he must be mistaken about it.

Q. Now, what could have induced him, as you can imagine in your own mind, to have made that statement? You do not impugn his honesty, and he makes a statement there in detail and very explicitly through Dr. Purvis?—A. In the first place, you do not get the statement from first hands.

Q. I understand that, but Dr. Purvis makes this statement as coming from Mr. Tuttle, a very short time before. He says, "I met Mr. Tuttle on the street yesterday, and he told me this story, and says that Cooke will not deny it." The circumstances are detailed with a good deal of clearness?—A. Well, it all might have been true. It is possible it is true. But even if I had effected the loan, there would not have been anything wrong about it. I regret it, of course, now. If our foresight was as good as our hindsight we would all perhaps avoid some mistakes that we make. We are all liable to mistakes, and this turned out to be an unfortunate loan, but it does not follow that there was anything wrong about it.

Q. You cannot give any reason, then, for Mr. Tuttle's statement to Mr. Purvis, in reference to this matter?—A. I cannot suppose what his course of reasoning was that would lead him to make that statement. I think there must be some mistake about it.

Q. But you were associated with him, and you knew him, and the committee would like to have some solution as to why he would make such a statement as that. That transaction had been in and out of the bank a good deal. It assumed a good many different phases and shapes there, and what troubles me about it is why he should make such a statement?—A. All that might have been true, possibly, and yet I was sincere and honest in asking him to do it, if I did ask him to do it.

Q. Now, here is the statement of Tuttle himself on page 105 of the Douglas committee report. When he is asked in reference to this agreement between Kilbourn & Evans and the finance committee, and is shown the agreement itself, he answers:

I cannot explain it; I can only state the fact that Mr. Huntington and Mr. Eaton and Governor Cooke said that everything in relation to the Seneca Sandstone Company was all right. They always said that in plain terms. They used to say that while Governor Cooke was the financial agent of the United States; the president of the First National Bank, of which Mr. Huntington was cashier; the president of the Board of Public Works; the Governor of the District of Columbia, and all these things—

They used to say that it was all right while you held these positions; he goes on further:

They said that everything pertaining to the Seneca Stone Company was all right, and therefore I was not particular to inquire into anything about it.

Now, Mr. Tuttle's testimony is given in March, 1876.

Mr. COOKE. But you know that it makes a great difference the way things are stated.

Mr. GARLAND. I know that; but he says there, Governor, that you made these representations of the Seneca Sandstone Company; that you said that it was "all right," and so on.

Mr. COOKE. Well, it was all right; it was a good property, and is a good property when properly handled, and in the proper time—I mean in good times. It will be worth all and more in such times, I believe, than we thought it was worth then. I have nothing to take back in regard to what I said about that property. I believed it then; I believe it now. I am sorry the loan was made, nevertheless, because I hate to be questioned years afterwards on anything of that kind, when I acted at the time according to the best light I had. Although I may have been mistaken in that instance, I am not going to deny my faith in the company, for I then had every faith in the property and in its value as we represented it.

By the CHAIRMAN:

Q. Following the statement made by Dr. Purvis as to the conversation had with Mr. Tuttle, this question is asked:

Q. Then it was done by the order of Tuttle on the representations of Mr. Cooke?

And he replies:

A. Yes; when the actuary laid before us the demand of Mr. Stanton, we learned that this agreement had been signed and hidden away by Mr. Eaton, the actuary, by the finance committee, Mr. Cooke, Mr. Huntington, Mr. Clephane, Mr. Tuttle, and Mr. Broadhead. It seems they had all signed it, but had never reported it to the board of trustees.

I read from Dr. Purvis's testimony; have you no recollection of that?

Mr. COOKE. I do not know what it relates to.

Q. It is in reference to these bonds. I will read you what I refer to (reading from Dr. Purvis's testimony before the Douglas committee):

Q. Was there any paper or any order signed by any person authorizing the exchange of first-mortgage bonds for second-mortgage bonds?

This question is put to Dr. C. B. Purvis by Mr. Stenger, and his answer is:

Never. Mr. Tuttle says that Mr. Cooke had a hand in getting them exchanged; that he came to him one day when he was busy signing bonds, and said: "I wish you would sign this paper in reference to the Seneca Stone Company." Mr. Cooke said that it was carrying out the wish of the board of trustees. Mr. Tuttle did not know what it was, and he said, "Mr. Cooke, I have not time to read it; I am busy now signing bonds." Mr. Cooke asked him whether he would not believe what he said. "Well," said Tuttle, "you have been the financial agent of the government, and have had a great many millions pass through your hands. I have no doubt of what you say, and I will take your word." So he just signed his name to the paper, and Mr. Cooke went away with it. And that is the way Tuttle says that the first-mortgage bonds were exchanged for second-mortgage bonds. I met Mr. Tuttle on the street yesterday, and he told me this story, and says that Mr. Cooke will not deny it.

This is the testimony of Dr. C. B. Purvis, that was referred to a moment ago, not the testimony of Mr. Robert Purvis the commissioner.

Mr. COOKE. No.

Q. Can you give any explanation of this, Mr. Cooke?—A. I have made all the explanation I have to make.

Q. He says it seems they had all signed it, but had never reported it to the board of trustees. From your recollection of the transaction had it been signed before being submitted to the board of trustees by the

finance committee?—A. I do not know; I do not recollect. Very often when a member of the committee or of the board would come to me on any matter that had been talked about or agreed upon, and would say to me, "Here, we want you to sign this report; it is so and so;" or to sign this paper; it is so and so; or to sign this certificate, or what not, I would do so, having confidence in him, without stopping always to go through the document entirely. That is a thing that is done every day, that is done constantly; and that is the way I suppose that the report you handed me was signed. The actuary, Mr. Eaton, constantly conferred with the finance committee, and when he first produced that report and stated what it was I have signed it, and evidently have done it in a hurry, because I see it is signed in pencil.

MR. PURVIS'S REPLY TO THE CHARGE THAT HE DESIRED TO SCREEN THE TRUSTEES.

Mr. PURVIS. I desire to state that the object I had in view when I asked Mr. Cooke the question in regard to bringing up the fact of the time in which Governor Cooke and Mr. Clephane resigned as trustees of the bank was to have a bearing upon the statement that was made yesterday to you by Mr. Leipold, in which an unworthy motive was attributed to me, as resisting any action being taken in regard to the advice by our counsel, Mr. Totten, in prosecuting these gentlemen. You will bear in mind that these gentlemen who made that loan and constituted the finance committee of the Freedman's Bank had resigned two years before they even contemplated winding up the affairs of the bank, to say nothing of their not knowing me at all—not one of them—for I had no knowledge of them, and that it was not possible that I could be moved by any consideration of that kind—from "a sense of gratitude," I think it was stated—to pass by the transactions of these parties if we had supposed them guilty of wrong-doing of any kind. I wish to show that at that time they had no existence, and consequently could not have appointed us as commissioners. When the proper time comes, I wish to say here that I can very probably give a reason, and a very well-grounded one, why that gentleman, in his hopes of finding out something, desired that suits should be multiplied in the matter.

There is one other little matter which I would like to call your attention to; there is a paragraph, you may have seen, in "The Republican" this morning, in which reference is made to this very matter of the Seneca Stone Company, and I would like to bring that up.

Adjourned to Saturday, January 24, 1880.

COMMITTEE ROOM OF THE SELECT COMMITTEE
OF THE SENATE ON THE FREEDMAN'S BANK,
Washington, D. C., January 24, 1880.

The Select Committee of the Senate on the Freedman's Savings and Trust Company met to-day in the committee-room of the Senate Committee on Manufactures, at 10 o'clock a. m.

Present, Messrs. B. K. Bruce (chairman,) Angus Cameron, A. H. Garland, and R. E. Withers.

The CHAIRMAN. I desire to place before the committee a communication from Mr. H. H. Dodge, which I have just received.

STATEMENT OF H. H. DODGE SETTING FORTH HIS CONNECTION WITH THE SENECA SANDSTONE COMPANY.

The clerk read the communication, as follows:

Hon. B. K. BRUCE,

Chairman Senate Select Committee on Freedman's Savings and Trust Company:

SIR: Before House committee, Hon. B. B. Douglas, chairman, that investigated the affairs of the Freedman's Savings and Trust Company in 1876, I was called as a witness, and gave testimony relative to the organization and early management of the "Maryland Freestone Mining and Manufacturing Company," commonly called the Seneca Company.

As appears from my testimony, I was one of the three originators of the company, and its first president. The original cost of the six hundred and fourteen acres of land, the whole underlaid with valuable building-stone, was about seventy thousand dollars, and the improvements placed upon the property before it passed into the hands of the stockholders cost an additional fifty thousand dollars. The company was organized under the *laws of Maryland* (where the property is located) as a legitimate business enterprise, the property being esteemed very valuable for the excellent quality of the stone, the stone having been highly indorsed by Prof. Henry, General Delafield, and other experts, before a committee of Congress (see report),* and during the year I was connected with it it was profitably worked as a legitimate business.

Desiring to change my residence I sold out my stock interest in the company, in 1868 and 1869, to Gov. H. D. Cooke, one of the original incorporators, and from that time my connection with the company ceased, and I have no personal knowledge of its subsequent transactions, and had no personal control in them, and was in no way responsible for them.

The second-mortgage bonds, and the additional three thousand shares of stock issued by the company happened more than one year after my retirement from it, and the loans of money procured by the Seneca Company on the second-mortgage bonds thereof, from the Freedman's Savings and Trust Company, occurred more than two years after my withdrawal from it.

These facts, in greater detail, appear in my testimony found in the printed testimony of the Douglas committee, pages 24, &c.

In the report made by Mr. Douglas, page 8, the company is characterized as a "fancy stock gamble got up by H. D. Cooke, J. L. Kidwell, and H. H. Dodge," and the opprobrium that attached to the transactions of the company with the Freedman's Savings Bank is made to fall upon me, though I had severed my connection with the company entirely, both as an officer and a stockholder, long before such transactions with the Freedman's Bank were made.

I knew nothing of this injurious reference to me in the report until after it was printed and the committee had been discharged, and sought to protect myself as soon as advised of the reflection made upon me, by letter written to Mr. Douglas, calling his attention to the injustice done me. My letter to Mr. Douglas, and his reply, disclaiming any intention of reflecting upon me, are herewith submitted.

GEORGETOWN, D. C., *August* 4, 1876.

Hon. BEVERLY B. DOUGLAS, *Chairman, &c.:*

DEAR SIR: From the report made by your committee in relation to the investigation of the Freedman's Savings and Trust Company, and so published in the papers here without the evidence given before your committee, it might be inferred that I, being one of the original incorporators of the Maryland Freestone M. & M. Company, was connected with the transactions of said company with the Freedman's Savings and Trust Company.

You are aware from the testimony taken that I ceased to be a stockholder in the Maryland Freestone Company in 1869, about two years before any transactions (so far as I am informed) occurred between the two companies, nor was I a stockholder when the company increased the stock 3,000 shares and issued the $100,000 second-mortgage bonds, and had nothing to do with the transaction, nor did I participate in it in any way.

I cannot conceive that you or your committee intended to cast any censure upon me in regard to these matters, although it might appear so from the report.

The Maryland Freestone Company was started in perfect good faith as a business enterprise, and for at least three years was generally considered with great favor throughout the District, and, in my judgment, would never have been in its present condition but for the miserable management it was under.

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*For extracts from this report, see appendix.

Believing that you or the committee did not intend to reflect upon my integrity, or to do me an injustice, I would be glad, if it meets with your approval, if you would give me some assurance to that effect.

Feeling conscious that I did no wrong, nor intended so to do,

I remain, yours, very respectfully,

H. H. DODGE.

AUGUST 14, 1876.

H. H. DODGE, Esq.:

DEAR SIR: I have no hesitation in saying that the committee on the Freedman's Bank, of which I had the honor to be chairman, had no idea of reflecting upon you in connection with that institution. As an incident in the history of our investigation, we were obliged to take some notice of the Seneca Company, as it is usually called, but I do not believe that you were in any way a participant in the fraud practiced upon the bank, and I take pleasure in so assuring you.

Very respectfully, &c.,

B. B. DOUGLAS.

I beg that your honorable committee, as a matter of justice, will allow this statement and the accompanying letters to be placed upon record in your report, and, if desired by your committee, allow me to appear and make a statement of facts that will remove the aspersion unintentionally put upon me by the Douglas report.

Very respectfully, &c.,

H. H. DODGE.

GEORGETOWN, D. C., *January* 23, 1880.

GEORGE W. CARTER (clerk of committee). I will say, Mr. Chairman, that Mr. Dodge is now in the architect's room below attending to some business, and if it is desired he should be before the committee he can be reached.

Mr. GARLAND. Mr. Dodge called to see me at the close of our last meeting, and named the matter to me which he has laid before you in his communication. I said to him that I did not think that we desired his testimony at this stage of the investigation, but that if we wanted his testimony the committee would doubtless take it in writing and put it into the record.

TESTIMONY OF G. W. BALLOCH.

WASHINGTON, D. C., *January* 24, 1880.

G. W. BALLOCH sworn and examined.

By the CHAIRMAN:

Question. Mr. Balloch, will you please state your relations to the Freedman's Savings Bank. When did they begin, and when were they closed?—Answer. I was elected a trustee of the Freedman's Bank on the 16th day of April, 1867. I still continue in that relation, if any such relation exists. I was elected a member of the examining committee on the 9th of May, 1867. I was elected one of the building committee that had in charge the construction of the building opposite to the Treasury on the 14th of June, 1870; and I was the secretary of that committee. I was elected one of the finance committee on the 14th of March, 1872, and re-elected on the 13th of March, 1873.

Q. Will you state your relations to the Howard University for the same time?—A. I was a trustee of Howard University all of the time, and part of the time was its treasurer. I am still a trustee of Howard University.

Q. Did you ever approve of loans from the bank to the Howard University upon security not recognized by the charter?—A. By which charter?

Mr. CAMERON. The charter of the bank.

Mr. BALLOCH. Not that I know of.

THE HALLET KILBOURN LOANS.

By the CHAIRMAN:

Q. I wish to call your attention to a loan made by the bank to Hallet Kilbourn on January 12, 1871, on a note indorsed by D. L. Eaton, the actuary of the bank, approved February 7, 1871. At the time there were present, as appears from the minutes of the finance committee, Messrs. Cooke, Alvord, and Tuttle, of the finance committee; and Messrs. Richards, Cole, and yourself, of the trustees. Do you remember that transaction?—A. No, sir.

Q. This we take from the minutes of the finance committee.

By Mr. CAMERON:

Q. Are these minutes present, Mr. Chairman?

The CLERK OF THE COMMITTEE. Yes, sir.

The CHAIRMAN. Perhaps the witness would like to refresh his memory by looking at the minutes.

[The clerk turned to the original minutes of the finance committee.]

The WITNESS [after reading]. I do not remember anything about that particular loan.

By the CHAIRMAN:

Q. You do not now remember?—A. No, I do not remember the details connected with that particular loan.

Q. Do you remember the loan made to Hallet Kilbourn February 4, 1871, of three thousand dollars?—A. No, sir; I have no remembrance of that loan.

Q. Was it the custom to make loans without the approval of the finance committee—loans of the character I have just referred to?—A. The actuary had some latitude in making loans of this kind. For instance, a party would come in and want to borrow money with an indorsement as collateral on any of the well-known stocks of the city—stocks that were known to be good, that they could get the money on at a moment's notice; he had some latitude in such matters; but if it was simply indorsed paper, I suppose that a matter of that kind would naturally come before the finance committee.

Q. It appears that there is no record of the approval of this loan by the finance committee; hence I ask the question whether that was customary or not?—A. The custom was to have loans of that kind approved by the finance committee. That was the rule. If there was any deviation from it, it was the exception. I cannot remember about these particular loans.

LOANS TO HOWARD UNIVERSITY.

Q. Returning now to the Howard University, I will ask you if the loans appearing in your name as treasurer were gotten for the Howard University?—A. Yes, sir.

Q. They were for the Howard University?—A. Yes, sir. They have all been paid, principal and interest, in full. They were all secured on that immense realty at its estimated worth—a million of dollars.

Q. What connection was there between a loan to you of forty thousand dollars, made September 5, 1871, and paid October 11, 1871, and the loan to Howard University of seventy-five thousand dollars October 11, 1871? Did you pay your loan in cash, or was it transferred to Howard University and charged as a part of the seventy-five thousand dollars?—A. I suppose it was transferred and charged. The first loan of forty thousand dollars was probably part and parcel of the seventy-five thousand dollar loan. That appears afterward. That is my impression about it, that the $40,000 loan was canceled and then included in the seventy-five thousand dollar loan.

Q. The forty thousand dollar loan made on the 5th of September was canceled?—A. Yes, sir; that was canceled and became a part of the seventy-five thousand dollar loan.

Q. Which was made on October 11, 1871?—A. Yes, sir; that is my impression.

THE LOANS TO GENERAL O. O. HOWARD.

The CHAIRMAN. Here is a loan to General Howard of two thousand dollars, July 9, 1871, on an indorsement of yours.

Mr. BALLOCH. Yes, that was made to accommodate General Howard. It was of no interest to me at all. I indorsed it to oblige him, and I have somewhere in my papers a memorandum from him under his own handwriting, stating that it was for his accommodation.

Q. Was this loan approved by the finance committee, or was it ever brought up before that committee?—A. I presume it was approved by the finance committee. As I remember it, there was some real estate security connected with it on Meridian Hill. Of course, at this late day I do not remember about it. I know that R. M. Hall had something to do with the transaction, if I remember aright.

Q. Another loan to the same gentleman, indorsed by you, appears under date of April 8, 1872, of one thousand dollars?—A. A loan to General Howard?

Q. Yes, to General Howard, of April 8, 1872, for one thousand dollars.—A. I think all these transactions grew out of a transaction General Howard had with R. M. Hall. He bought some land of R. M. Hall on Meridian Hill, and Hall took his notes in payment, indorsed by me, and then Hall put these notes into the Freedman's Bank for discount.

Q. This was while you were a member of the finance committee?—A. Yes, sir; but the transaction did not come into the bank at first; the transaction was with R. M. Hall; he put it into the bank; the bank had no connection with it at first. Mr. Hall took the note to the bank to be discounted; he made the arrangement with the Freedman's Bank, and neither General Howard nor myself knew that the note was in the Freedman's Bank to be discounted. It might have gone into the First or Second National Banks, or to Riggs's Bank, or anywhere else, as it was negotiable paper. He took it to the Freedman's Bank and they discounted it.

By Mr. GARLAND:

Q. Do you mean to say that it was not a loan from that bank, but simply the discounting of a note?—A. It was not a loan from the bank originally. He took the note—Hall did—indorsed by me, and the bank discounted it. It was Hall who did that.

Q. I understand you to say that when you signed that note you did not know it would go to that bank, or to what bank it would go?—A. Yes, sir, that is it; I did not know it was going to the Freedman's Bank.

By the CHAIRMAN:

Q. It was, then, so far as you know, just as likely to go to any other bank as to the Freedman's Bank?—A. Exactly. It might have gone to the First or Second National Bank, or to Riggs's Bank, or to the Bank of the Republic.

Q. Or to the Metropolitan Bank, or to no bank?—A. Yes, sir. I am proud to say that my indorsement in those days was worth a good deal more than that. I wish it was worth as much now.

A LOAN TO HOWARD UNIVERSITY.

Q. General Balloch, here is a loan to you, as treasurer, of $2,440.49, of January 17, 1871, on the indorsement of R. I. Fleming, approved February 7, 1871. From the minutes of the finance committee there seem to have been present at the time Messrs. Cooke, Alvord, and Tuttle, of the finance committee, and yourself, Mr. Richards, and Mr. Cole, of the trustees.—A. That was something connected with Howard University. If I remember right, I was not treasurer of any other institution. It must have some connection with that loan to Howard University. Mr. Fleming built one of the buildings out there for us, and it was probably some settlement on that account. He built Clark Hall, for which he was paid twenty-five thousand dollars.

Q. And your recollection is, then, that it was borrowed by you as treasurer of Howard University?—A. Yes, sir; I never borrowed in any other capacity.

By Mr. GARLAND:

Q. Did you ever have any other transaction with Mr. Fleming except that in reference to this building?—A. No, sir.

Q. It was indorsed by him and signed by you as treasurer, was it?—A. Yes, sir; it was for Howard University.

Q. Then you think it was done for the purpose of paying him for one of the buildings there?—A. Yes, sir; in connection with some work he did for the University. He did a great deal of work for us.

Q. Were you not also treasurer of the Young Men's Christian Association at that time?—A. No, sir; I never had anything to do with the Young Men's Christian Association except to take some of their bonds once in payment of a debt.

A LOAN TO THE YOUNG MEN'S CHRISTIAN ASSOCIATION.

Q. Perhaps you can explain this item. A loan to yourself as treasurer of fifteen hundred dollars, March 25, 1871, on stock of the Young Men's Christian Association.—A. Well, that was for Howard University. They had a lot of stock, some twenty-five thousand dollars' worth of it, or thereabouts. I presume I hypothecated a little of it for a few days for Howard University. I certainly never had anything to do with the Young Men's Christian Association except to be one of the unfortunate stockholders.

By the CHAIRMAN:

Q. I see there is also a loan of two thousand dollars, April 8, 1871, on the same collateral that I have just named?—A. Yes, sir; I recollect using some of it; it was money for Howard University.

LOAN TO J. E. DEXTER.

Q. There is one other matter, General, I wish to call your attention

to. It appears that a loan was made to J. E. Dexter of five hundred dollars, February 15, 1873, on your indorsement. Do you remember about that?—A. Yes, sir. By inadvertence [smiling], through that loan I became a borrower of the bank; it was by accident. I gave that gentleman some money to go down into Virginia to pay land damages in a railroad scheme with which I was connected. He went down, used half of the money to pay the damages and gave his note for the rest, and used the other six hundred, or five hundred dollars, or whatever it was; and when it came to my knowledge I went to him, and, of course, I had to take his note. I was keeping an account then at the Freedman's Bank, and I just put it in with some other paper, for discount, and it was discounted. When it came due Dr. Dexter paid, I think, one hundred dollars, and he has paid a little along on it since. I made an arrangement with the officers of the bank to hold it over, and I held myself responsible for it. He has paid a part and I paid a part. The principal was reduced until there only remains a little over eight dollars due on the principal. There are a couple of hundred dollars due on the interest that I am working out as an insurance agent, insuring the property of the bank. I hold myself responsible for it. That loan was an inadvertence; it was accidental; I had no idea at the time that I was going to become a borrower of the bank in that transaction; and that was the only transaction while I was in connection with the bank in which either directly or indirectly, or by implication, I ever became a borrower, or ever received anything from the bank, and that was accidental.

Q. You say you are paying this off now?—A. The principal is all paid up to about eight or nine dollars. I am an insurance agent. I get the property of the bank insured, and I turn over my commission to the bank.

By Mr. WITHERS:

Q. The arrears of interest are now being extinguished by you in that way?—A. Yes, sir. It will all be paid. If I do not extinguish it in that way I will in some other way. I was very sorry that it occurred, because it might be construed that I violated that provision of the charter, on account of being a member of the board of trustees, that I should appear as a borrower. But I repeat that was by accident; I have no excuse to make except that it was by accident. I did not intend to violate the law. I never thought that that did violate the law until last year Mr. Leipold called my attention to it, and coming to look it all over I really thought, when my attention was called to it, and I had considered the matter, that I had violated the law; but I did it ignorantly and by accident.

THE LOAN TO R. P. DODGE.

By the CHAIRMAN:

Q. Do you recollect the loan to R. P. Dodge of $13,586.50 of January 24, 1870?—A. No, sir; I do not remember anything about that loan. A large loan like that was probably made in the full board.

Q. You mean the board of trustees or the finance committee?—A. I do not think the finance committee would make as large a loan as that, even on real estate in the District of Columbia. Ordinarily, the loans were made on real estate in the District of Columbia; after I became a member of the board I know that that was the case. We met on every Thursday at 3 o'clock, and every loan was submitted to us with all the

details, and carefully gone over. Mr. Kelly, then cashier of the Metropolitan Bank, was a member of the board and a very careful man, and we spent two and sometimes three hours every week going over these matters. Mr. Richards (who is now present) was a member of the board, and I know that he carefully scrutinized every loan that was offered. For an ordinary loan of three, or four, or five, or six thousand dollars on real estate in the city or District of Columbia, that we knew all about, we would approve, on the authority we had.

Q. The finance committee?—A. Yes, sir; but if the loan was outside of the District, or for a very large amount in the District, we would not take the responsibility, as I understood it, but would refer it to the full board with the details we had at hand, and make such suggestions and recommendations as we thought necessary and leave it to them. I notice that in the year 1872, from 1872 to 1873, the finance committee had forty-eight meetings. Out of the fifty-two weeks of the year, we met forty-eight times; and I know that so far as I am concerned every loan was scrutinized with just as much severity as I would have exercised if I was going to make the loan myself. I made it a point to ask this question: "If I had this money to loan myself, would I loan it on this property?" If I could answer "yes," I would vote for it; if not, I always voted against it.

Q. Were loans approved by the board of trustees after being approved by the finance committee; was that the usual form of proceeding?—A. No, sir. If we did not feel that we could in the finance committee authorize a loan; that is, if it was a little too big, and we did not want to take the responsibility, we would refer it to the board of trustees, perhaps with our recommendation; then it would come up for discussion in the full board, and the pros and cons would be discussed, and all the information we could get from the actuary or members of the board would be considered, and all the light would be brought to bear upon it that we could get, and then the board would vote whether to make the loan or not. All loans outside of the District were made in the full board, and some of the larger loans in the District were brought before the full board.

Q. In this case there is no record of approval.—A. In what year was it?

Q. January 24, 1870.—A. That was before I had any connection with the finance committee.

Q. You were not a member at that time?—A. No, sir; not until March, 1872.

THE LOANS TO NEWMAN & MIDDLETON.

Q. There were loans made to Newman & Middleton which seem to have been made on orders on the board of public works; have you any recollection of those transactions?—A. No, sir; I presume that was a class of loans that the actuary felt justified in making; I presume they were put up as collateral securities by the board of public works or the auditor of the board. Mr. Stickney will be able to explain to you all about that.

THE EVAN LYONS LOAN.

I do not like to volunteer any information, but I heard you ask a witness here about a loan on the Lyons property; I would like to answer a question on that matter.

The CHAIRMAN. Certainly.

Mr. BALLOCH. I think it was Senator Garland who asked why that application was refused several times and then a loan of thirty-four thousand dollars made. The reason was, there was a mortgage on the property and they wanted us to take a second-mortgage, which we would not do. Then the parties who owned the first-mortgage canceled their claim and allowed us to take the first-mortgage, which we did. Mr. Herr, who held the first-mortgage of five or six thousand dollars, was willing to let his mortgage go and let us take the first, and he came in on a second-mortgage; that is what I remember about that transaction. The reason why it was refused at first was because there was a mortgage on it and they wanted us to take the second-mortgage, which we refused to do. I may be wrong about this matter, but my recollection of it is that when it was first offered to us there was a prior mortgage on it.

Mr. LEIPOLD. General, did not Mr. Herr get a part of the money of the thirty-four thousand dollars that was loaned by the bank?

Mr. BALLOCH. O, I could not tell who got the money.

Mr. LEIPOLD. Was not at least part of the claim against the property paid by the thirty-four thousand dollars?

Mr. BALLOCH. I do not remember. I only know that when the first-mortgage was offered to us they wanted us to take a second-mortgage, but we never intended to play second fiddle to anybody.

By Mr. WITHERS:

Q. You do not know whether a portion of this thirty-four thousand dollars subsequently loaned on that property was used to extinguish the debt for which the first-mortgage was created?—A. No, I do not; the actuary is the only man who can tell that. I only know the general fact.

SURRENDER OF THE KILBOURN & EVANS NOTE.

By Mr. GARLAND:

Q. The other day, general, there was a statement made—I believe you were present—as to the action of the trustees in surrendering the fifty-thousand-dollar note of Kilbourn & Evans in connection with the loan to the Seneca Sandstone Company. If you recollect that transaction, please state to the committee all the facts about it, and why that surrender was made by the trustees.—A. Some time in the first days of March, 1873, Mr. Kelly, then being a member of the finance committee, met me on the street near the bank one day, and asked me if I was aware that that note of Kilbourn & Evans that we held at the bank, with these collaterals behind it, was worthless. I told him no. He pulled out of his pocket a copy of that agreement, which you have all seen, and handed it to me, and said, "What do you think of that?" I looked at it and was thunderstruck, if I may use the expression. Well, at a meeting of the finance committee held a few days afterwards the matter came up and was discussed in the board. Mr. Richards was present, Mr. Langston was present, and I recollect that Mr. Kelly was present, and myself. We were all very firm at that time that we would not surrender either the note or the securities, that we had them and they were ours, and that we would fight it out on that line. Well, on the 10th of June the actuary reported it to us. We still held it under advisement.

By Mr. WITHERS:

Q. One moment. When was that conference of the committee in reference to the matter held?—A. It was held early in March, a few days after Mr. Kelly called my attention to it. It was at the March meeting, the very next meeting of the committee after my attention had been called to it. Well, on the 10th of June the actuary reported that he had seen Governor Cooke, and that the governor stated to him that he expected to have the matter settled satisfactorily to the company. That appears on the records of the finance committee. At every meeting of the committee the matter would come up and we would discuss it; and I may say that we were all pretty stubborn about giving up these securities—that note. Mr. Langston and myself were appointed a subcommittee to investigate the matter, to take legal advice, and report. On the 4th of November we asked for further time, and on the 13th of February, as you will see by reference to the record, we made a full and exhaustive report on the matter. In the mean time I consulted one of the ablest attorneys in the town here for my own satisfaction, laid the whole matter before him, and he said to me, "You cannot hold these securities; you are bound by the act of your actuary, and you have got to surrender them." Mr. Langston took advice. I do not know whom he consulted, but he came to the same conclusion. Mr. Kelly took the same course. I do not know what steps Mr. Richards took, but on the most thorough examination and investigation that we could make, and with the aid of the best legal talent of the city that we could procure, we came to the conclusion that we could not hold the securities.

By the CHAIRMAN:

Q. Who was the actuary at the time?—A. Mr. Stickney, for Mr. Eaton had died. Mr. Stickney was actuary at this time. So we very reluctantly surrendered the securities behind that note. For myself I may say that I did it very reluctantly. I never did anything in my life that hurt me as that did.

By Mr. WITHERS:

Q. Did the finance committee take any steps to see whether the actuary was not liable for transcending his powers in that transaction?—A. I do not know that they did. The actuary was then dead.

Q. At the time that agreement was made?—A. [Addressing Mr. Leipold.] Was he not dead at that time, Mr. Leipold?

Mr. LEIPOLD. He was dead in 1873, when you gave up those securities.

Mr. BALLOCH. Not when the matter first came up. When it first came up he was cashier of the Second National Bank.

By Mr. GARLAND:

Q. Was that the first intimation the board had of the agreement with Messrs. Kilbourn & Evans?—A. Yes, sir.

Q. Where had it been; who had been the custodian of the agreement?—A. It had been either in the hands of Mr. Kilbourn or Mr. Evans; one or the other brought that agreement to Mr. Kelly and showed it to him.

Q. Had it been of record anywhere, General?—A. No, sir; I don't know that it had. The first intimation we had of it was when one or the other of these gentlemen brought it to Mr. Kelly and showed it to him, and said, "I want my securities."

Q. Did you and Mr. Langston consult attorneys together, or did you consult one attorney and Mr. Langston another?—A. I don't know but we consulted one in common. Mr. Langston and I had several meetings

together and went over the whole ground, he being an able lawyer himself.

Q. Did you get a written opinion from any attorney?—A. No, sir; I consulted Mr. William A. Cook, of this city, myself. I have no hesitation in saying whom I consulted. I took all the facts and went over the ground very carefully. It appears to me that Mr. Langston and myself went together and consulted some one.

Q. Whom were you in the habit of consulting in matters of business of the bank? Did you have a regular attorney at that time?—A. We had had one or two.

Mr. STICKNEY. Mr. Langston himself was attorney of the bank at that time.

Mr. BALLOCH. I know at least that there was very great reluctance felt and expressed about giving up that security.

By Mr. GARLAND:

Q. No attempt was made at law to enforce payment of the loan?—A. No, sir.

Q. You took no legal steps?—A. No, sir. After looking the ground all over we were satisfied we could not hold them.

Q. Were they surrendered on a unanimous vote of the board, or do you recollect about that?—A. That I do not remember. I think the finance committee recommended that they be surrendered. The records of the board will show, I presume. I do not remember; I have not read up to ascertain about that. I only remember the fact that I was pretty stubborn about giving them up. I thought they were ours in right and equity, and that we had a right to hold them. I wanted to hold them and make a fight over it, but I became satisfied finally that it would not do any good.

By Mr. WITHERS:

Q. In that opinion the then attorney for the bank coincided?—A. Yes, sir; Mr. Langston said we could not hold them.

Q. But I understood you to say that Mr. Langston agreed with you in the beginning that the finance committee should retain these securities.—A. The first meeting of the finance committee, when the matter was first reported, every one said, "We will hold on to this thing; we are not going to give it up." That was the first impulse.

Mr. WITHERS. I understand that.

Mr. BALLOCH. We had them in our possession, and "possession is nine points of the law," you know, and we thought that we would take the benefit of it. You see we did not give them up until some time afterwards. It was in March when the thing first came up, and we did not surrender them until November.

Mr. WITHERS. Yes, I remember.

Mr. BALLOCH. We kept growling over it all the summer.

Dr. C. B. PURVIS. Did not Mr. Langston go to Baltimore in reference to that matter and get an attorney's written opinion upon it?

Mr. BALLOCH. I rather think he did; it was merely hearsay, however, with me. I think, however, he went to Baltimore and consulted some attorney there.

By the CHAIRMAN:

Q. Why were not the seventy-five thousand dollars of bonds of the Seneca Sandstone Company surrendered at the same time?—A. I think by agreement that Colonel Eaton, the actuary, bound the bank to keep these in satisfaction of the loan; that is the way I remember it. It

actually became a purchase. I think, now that Dr. Purvis calls my attention to it, that it was Mr. Stockbridge, of Baltimore, that Mr. Langston consulted.

By Mr. GARLAND:

Q. Do you know in that connection whether he got a written opinion from Mr. Stockbridge or not?—A. He did, I am quite sure.

Q. Do you recollect reading it?—A. I think I did read it.

Q. Was it filed in the papers of the bank or retained in the private papers of Mr. Langston?—A. That I do not remember; I couldn't tell about that. So many years have gone by since the transaction that I cannot remember all the little details.

SELECTION OF THE COMMISSIONERS.

Q. In the selection of the three commissioners, Mr. Creswell, Mr. Leipold, and Mr. Purvis, did you participate?—A. I did.

Q. There has been a little difference of opinion between these gentlemen in reference to the relative distribution of their duties as commissioners, which may or not be of importance as this investigation proceeds; will you state as near as you can recollect, General, the facts and circumstances attending the selection of these gentlemen by the trustees of the bank, and the particular reasons given, if any, for selecting either or all of them to be commissioners?—A. It was the desire of the trustees to get three of the best men that could be found to act as commissioners. After canvassing the matter carefully we concluded that we wanted Mr. Creswell, from his well-known ability as a lawyer, and from his standing before the country as being in sympathy with the colored people, and from his broad philanthropy. We wanted Mr. Purvis on account of his connection with the colored people; and we wanted Mr. Leipold on account of his knowledge of Treasury matters. We knew that he—at least I did, because I had had official transactions with him in the Treasury—I knew that he was an experienced accountant, and that he had the ear of the Treasury Department; and as long as our matters were going into the Treasury, we wanted somebody that was acquainted in the Treasury. Hence the selection was made. And I venture to say to you, gentlemen of the committee, that if we had taken the whole country over we could not have gotten three better representative men for the position than we did.

Q. The trustees that made the selection, did they have, so far as you know, knowledge of these matters; that is, of the peculiar fitness and qualifications of these men for the position of commissioner?—A. Yes, sir; it was all discussed in the board.

Q. Was any solicitude manifested by any of these gentlemen to be made commissioner?—A. Not any particular solicitude that I know of. Mr. Leipold being a friend of mine came to me and said that he would like to be one of the commissioners, that he thought it would rather enlarge his sphere of business and bring him more before the public. He said he was a young lawyer and wanted to get into the practice of law, and that he thought it would help him. Mr. Purvis and Mr. Creswell did not want to be commissioners.

Q. Did not?—A. No, sir; I will mention particularly Mr. Langston, and I believe that some other members of the board, urged Mr. Creswell to take the position. I know that Mr. Creswell came before the board two or three times, and it was the longest time before we could get Mr. Creswell to consent to serve, and we rather insisted that he must serve on account of his position. Mr. Purvis also hesitated, and

it was with the greatest persuasion that we could get him to serve. He was in delicate health and he lived in Philadelphia, and was nicely fixed there in his home, and he did not want to serve; but we brought all the arguments we could to bear upon him and he finally consented to serve. It was with the greatest reluctance that these two gentlemen consented to serve.

DISTRIBUTION OF THE COMMISSIONERS' LABORS.

Q. In designating these gentlemen as commissioners was anything said by the trustees indicating a partition of the work between them as to the character of the work or the quantity of it?—A. I do not remember that there was. That was left to them. I know that Mr. Creswell said distinctly, "I cannot give my time to go into the details of this business; I am engaged before another commission—am the attorney for some commission—and I cannot do it. If you expect me to go into the details of this business, I cannot do it. I will give it a general oversight and the benefit of my knowledge as a lawyer, but if you expect me to go into the details of this business, why I cannot do it and won't." We assured him—I think he had the assurance—that he would not be expected to do that.

Mr. LEIPOLD. I would like to ask the gentleman a question, with your permission, Mr. Chairman.

The CHAIRMAN. Certainly.

Mr. LEIPOLD. Did not the board of trustees, before they elected the commissioners—Mr. Creswell, Mr. Purvis, and myself—select three other gentlemen in that capacity?

Mr. BALLOCH. Yes, sir; but there was some objection to them at the Treasury Department; either that they were brothers, or brothers-in-law, or in some way or other related to the trustees.

Mr. LEIPOLD. Who were they?

Mr. BALLOCH. Major Richards was one, Mr. Langston's brother was one, and the third I do not remember.

Mr. LEIPOLD. Mr. Purvis, was it not?

Mr. BALLOCH. O, yes; Mr. Purvis.

I am obliged to you, gentlemen of the committee, for giving me a chance to tell what I know about this institution. I have been villified in Congress and out of Congress on account of my connection with it, and I have never before had an opportunity to explain my relations to that institution. I am very glad, indeed, that I have had this opportunity.

By Mr. GARLAND:

Q. You were not, then, a witness before the Douglas committee?—A. No, sir; I was not.

TESTIMONY OF MR. ZALMON RICHARDS.

WASHINGTON, D. C., *January* 24, 1880.

ZALMON RICHARDS sworn and examined.

By the CHAIRMAN:

Question. Will you tell the committee, Mr. Richards, what your relations were to the Freedman's Savings and Trust Company; when did they begin

and when did they cease?—Answer. I do not know that I can give the exact dates. My first connection was that of a trustee, and the beginning of that service I cannot now quite recollect. I should think it was as early as 1870 and 1871.

Q. Was it not in 1872?—A. Possibly it was. I am not positive as to that. I have no memorandum—at least, I did not consult any memorandum—with reference to the time that I became a member. In fact, I was a member, I believe, for some time before I knew it; at least, before I was aware that I was expected to serve; and I did not attend any of the meetings of the board at first after my election. My next connection was that of becoming a member of the finance committee, and that date I cannot recollect, but it was immediatly after the death of Mr. Huntington, whose place, I think, I was elected to fill. I served on that committee till the business of the bank was surrendered to the present commissioners.

Q. On the finance committee?—A. Yes, sir; on the finance committee of the bank.

Q You have read the provisions of the charter relative to security to be accepted by the bank as the basis of loans, have you not?—A. I have read those provisions, but not lately, however; nor did I for more than two or three years after I was a member of the board, because I had nothing to do with the loans until I became a member of the finance committee.

Q. Have you read the by-laws determining the power of the finance committee?—A. Yes, sir; when I became a member of the finance committee I read the by-laws.

Q. Were any loans made on your indorsement while you were a member of the finance committee?—A. I do not know but there were; not by my knowledge, however. There have been loans made upon my indorsement, but whether it was when I was a member of the finance committee or not I cannot say; I think it must have been, however, though I cannot quite tell now.

Q. You think it was while you were a member of the finance committee?—A. I cannot remember precisely the date when I was a member of the finance committee. If any one can give me the date, or nearly the date, of the death of Mr. Huntington, I could tell from that.

THE LOAN TO R. R. HAZARD.

Q. I wish you would read this paper and tell us whether or not you recognize it as being in your hand-writing? (handing witness the following letter):

AUDITOR'S OFFICE, DISTRICT OF COLUMBIA,
COLUMBIAN BUILDING,
Washington, February 20, 1872.

D. L. EATON, Esq.:

My friend R. R. Hazard has a claim approved for the sum of ($615.97) six hundred and fifteen and $\frac{97}{100}$ dollars. He needs some money now, and I have agreed to help him, as I know him to be worthy and in need. Can you accommodate him on the note, which I will assume at maturity if he is unable to do so?

Yours, respectfully,

Z. RICHARDS.

Mr. RICHARDS. That is my letter. I think I was not on the finance committee at that time. I cannot precisely remember. I recollect this distinctly, however (the letter). I recollect distinctly, too, that the note was met at maturity.

By the CHAIRMAN:

Q. You do not remember whether you were a member of the finance committee when that was written or not?—A. I have no recollection about that—about the precise date. If I was, I did not at the time suppose that I was doing anything more than I had a right to do. If I was a member of the finance committee, I was not aware of the character of the obligations upon the finance committee.

Q. This letter I believe is written in 1872?—A. Yes, sir; February 20, 1872.

Q. From the record, your connection with the committee seems to be of the date of February 14, and this letter is dated February 20?—A. I presume if I had been elected a member I was not then acting as a member. I did not serve on the finance committee or board of trustees till some time after my election. It was some little time after that I was notified.

THE LOANS TO F. S. LAMSON.

Q. Do you remember concerning the loans made to F. S. Lamson? If so, please state what you know about them.—A. I know that Mr. Lamson indorsed a note of mine and got the proceeds at the bank. He took the indorsed notes—the notes that I had indorsed for his benefit—and got them cashed at the bank; but I did not know that he was going to get them cashed at the bank when he took them. He has some thousands of dollars—a good many notes of my indorsement.

By Mr. CAMERON:

Q. Were your indorsements accommodation indorsements?—A. Yes, sir; simply accommodation indorsements.

Q. Not business paper at all?—A. No, sir; they were given for no consideration whatever; the result of which has been the loss of all my property.

THE RUDOLPH LOBSIGER LOANS.

By the CHAIRMAN:

Q. What do you know of the loans made to Rudolph Lobsiger, upon chattel mortgage and other security, in January and February, 1874?—A. I do not recollect the name at all.

Q. Lobsiger. (Spelling it.) L-o-b-s-i-g-e-r.—A. I do not recollect the name at all. I cannot call up any fact or any impression about it now. It is barely possible I may have known it at the time, but it has entirely passed out of my memory, and every incident in connection with it. It is barely possible that I may have known about the transaction.

By Mr GARLAND:

Q. There seems to have been three of these loans. Don't you call to mind either of them?—A. To this same party do you mean?

Q. Yes, sir.—A. I have no recollection of the name; I never was present when such loans were authorized, that I know of. I have no recollection whatever of them. Were they of large amounts?

The CHAIRMAN. No, sir. One is for three thousand dollars, one for twenty-three hundred dollars, and one for eight hundred dollars.

Mr. RICHARDS. I have no recollection of them. I cannot recall anything as to the money, the name, or anything whatever connected with it. It would appear that the whole loan amounted to six thousand dollars and more.

By Mr. CAMERON:

Q. Is the loan now, either in whole or in part, held by the bank?

Mr. LEIPOLD. One of these notes was secured by property that was sold and bought in by the commissioners for three thousand dollars. It leaves only thirty-one hundred dollars unpaid.

Q. Look at that letter. It is a letter to you from Mr. Leipold, and I am informed that the reference in the letter is to the loans concerning which the chairman has just examined you.

Mr. RICHARDS. (Reading the letter.) I have no recollection of ever receiving a letter of this kind. I may have received it. It may have come to me, but I have no recollection of it. If I had, I should have at once made a written statement to Mr. Leipold, and asserted to him that it was not true that I received any of that money in any way or shape whatever.

Q. I notice that it says: "In view of the fact that you yourself are reported to have received the money for one of the notes referred to."—A. That I received the money for one of the notes referred to?

Q. Yes, sir. It was to that I desire to call your attention especially.—A. I never heard of that before. This is the first intimation I have had of it, except a sort of vague rumor, but I never knew that I had been reported as having received that money. It is not a fact; I will say that positively. I never received any consideration in any way or shape connected with any loan. I never received one farthing then or since from Mr. Lamson or any one else.

Q. Do you remember whether Mr. Leipold, at the time he called your attention to these loans, insisted upon their payment?—A. After I had found the loans in the bank, of course, as indorser, he called my attention to them. I do not know but Mr. Leipold may have notified me himself, perhaps. I was notified by John H. Cook, but not till after I had been entirely disabled and everything had been taken from me.

ENDORSING MR. LAMSON'S NOTE, FOR A CHURCH PROPERTY ON FOURTEENTH STREET.

Q. What was the aggregate amount of indorsement you gave Mr. Lamson?—A. I think there were two notes, if I recollect; one for three hundred and another for four hundred dollars.

Q. Are these all the indorsements you made?—A. Yes, all of them. I indorsed these notes. I know that I indorsed one of them. The three-hundred-dollar note I have no recollection about whatever. I have tried to call it up a good many times, but I have never seen the note since it was made, but I presume that it is likely I indorsed them. If so, it was at a time when Mr. Lamson I supposed was good, but I did not know anything at all about it. I have never had any consideration from it in any way.

Mr. LEIPOLD. I would like to ask you a question, Mr. Richards. Did you not come to see me at the bank several times in answer to the letters that were addressed to you, and did you not at one interview tell me that the money was gotten to build a church—not for you, perhaps, but that it was gotten to build a little church out on Fourteenth street?

Mr. RICHARDS. No, sir; I do not say that exactly. I can state what that transaction was. In the matter of the church, Mr. Lamson was interested with me in the buying of a little piece of property—a church property; it was not a church building. Mr. Lamson agreed to take a certain portion, and I agreed to take a certain portion, of sixteen hundred dollars. I think that was the amount. We were to pay sixteen

hundred dollars. I assumed twelve hundred, and Mr. Lamson assumed the four hundred. At that time he had a note of mine for four hundred dollars. I do not know but he had the three hundred dollars before that. I cannot say as to that. I paid him twelve hundred dollars out of the sixteen hundred. I paid the twelve-hundred-dollar note or the twelve hundred dollars out of the sixteen hundred dollars. It was when I was in a better condition financially than I am now. Mr. Lamson was to pay the other. He finally got me to indorse this four-hundred-dollar note, and I suppose he went to the bank with that and got the money. In relation to the question of Mr. Leipold, I did call on Mr. Leipold several times, hoping that by some means Mr. Lamson would make an arrangement to meet that four hundred dollars, and he has assured me many and many a time that he would do so. I would like to ask Mr. Leipold whether Mr. Lamson has not often called upon him as to making arrangements about it, assuming in that way that he was responsible for it.

Mr. LEIPOLD. I do not remember.

Mr. CAMERON. No doubt Mr. Lamson, being the maker of the note, is liable at least.

Mr. RICHARDS. I wanted to know if Mr. Lamson did not call on Mr. Leipold with reference to making an arrangement for that note. I asked him the question to show that I did not receive any consideration for it; because if Mr. Lamson still assumes that he is responsible, he would not do that if I had received a consideration on that note.

Mr. LEIPOLD. I do not know Mr. Lamson. I do not know that he called to see me. There was a gentleman whose name I do not recall (it was not Lamson) who has been to see me and has spoken to me on the subject several times, as to whether the commissioners would not make some compromise; that it was a church affair and they would like very much to make some compromise.

Mr. RICHARDS. He has never paid it, and I do not know whether he will ever be able to pay it. I have been assured by Mr. Lamson frequently that he had called on Mr. Leipold and spoken to him about it.

Mr. LEIPOLD. We have judgment for the amount of money against Mr. Lamson and Richards both.

Mr. RICHARDS. I am aware of that. I know that judgment was taken against me as an indorser, and I am free to say that if the Lord ever puts money enough into my pocket I will pay it.

Mr. CAMERON. The Lord will not do it for you. You must do it yourself in some way.

Mr. RICHARDS. Well, the Lord may help me to do it. I have got a good deal of confidence in the Lord yet.

The CHAIRMAN. The Lord, Mr. Richards, doubtless is engaged in more profitable business than putting money in your pockets.

THE D. A. CONNOLY LOAN.

Q. Let me ask you, Mr. Richards, what you know about the loan to D. A. Connoly in September, 1872. Upon what security was that loan made, and who approved the security?—A. I have no recollection of it whatever. I do not know the man, and I do not know anything about the loan.

THE VANDENBURGH LOANS.

Q. What do you know of the loans made to Vandenburgh from Oc-

tober, 1872, to April, 1873, and what were the securities upon which these loans were made?—A. I think I do not know all of the loans made to Vandenburgh. I think some of them were made before I became a member of the finance committee, and I do not recollect of any loans being made to him by the action of the finance committee after I was a member. My impression was then and is now that his loans were made on the strength of District securities; that is, that he deposited District securities in the bank and took money for them. I cannot say about that. I had nothing to do with the financial work of the bank. I only knew it was said that he was drawing money on District securities, but I had no personal acquaintance with him. He never came to me with reference to them at any time whatever.

Q. There were two loans made to Vandenburgh when you were reported in the minutes of the committe as being present.

[The clerk of the committee read the minutes of date October 9, 1873.]

Mr. RICHARDS. Does it specify the loans?

The CHAIRMAN. One is for twenty-two hundred and forty-eight dollars and one for five thousand dollars. There were present in the committee at the time Messrs. Alvord, Cole, Balloch, Richards, Tuttle, and Langston.

Mr. RICHARDS. I presume that is the one I have in mind. I recollect the application, and that I opposed the application and considered that the District securities were not the right kind of securities to effect loans upon the bank. I took that ground at almost all the meetings. Many of the loans were made, however, upon them when I was not present. I think some of them were the Vandenburgh loans. I know that I, at that time, did not consider that District securities were the proper kind of securities for the bank to loan upon.

By Mr. WITHERS:

Q. I understand that a majority of the finance committee thought differently?—A. Yes, sir.

Q. And authorized the loans?—A. Yes, sir.

THE LOANS TO R. I. FLEMING.

By the CHAIRMAN:

Q. What do you know about the loans made to R. I. Fleming from July, 1872, to January, 1874? What was the character of the securities when given, and who approved them as members of the finance committee?—A. I cannot mention the securities except in this case. Whenever any loan was called for before the finance committee, and an application was presented to the finance committee, there was never a loan made without a good report accompanying it in regard to the value of the property, and that we were assured by the actuary, and by other parties who were employed to examine the property, that there was at least a value of double the amount called for in every case. So far as I know, this was the custom. I do not know of a single instance when we were not particular in regard to that. I think there were some loans to Mr. Fleming, but in all cases his securities were considered more than double the amount that was called for; that is, they were so considered at the time.

Q. You were on the finance committee when this loan was made, were you not?—A. Yes, sir; when some of them were made; but the identical loans I could not mention.

THE LOANS TO A. PANNELL.

Q. What connection had you with the loans made to A. Pannell?—A. None whatever, that I know of.

Q. Have you any recollection of those loans?—A. No, sir; none whatever. I cannot think of any now.

THE EVAN LYONS LOAN.

There is one point in reference to the Evan Lyons loan that I might possibly volunteer a statement upon, as General Balloch did, if I may be permitted.

The CHAIRMAN. You are at liberty of course to make such statement.

Mr. RICHARDS. I happen to know as much about that as about any other loan, because Lyons came frequently to me in my office to secure my influence. I was rather opposed to it, and on the ground that General Balloch stated that there was at first another lien upon it, and my impression is that at the first offer that was made there was not the full amount of his property guaranteed. I think there was some division of his property, so that while all his property was not guaranteed when he asked for loans at first, they were for small amounts; finally the loan was carried up to $34,000, and the full amount of his property was given as security. My impression in regard to that is similar to that of General Balloch. It strikes me that when he asked for the first loans they were of small amounts, and he did not offer the whole of his property as security, and he afterwards changed that. I recollect in a conversation with me he first wanted to get a small loan; then he changed his mind. He was to see me half a dozen times, and finally he came to me and said that the whole of his property should be given as security for the loan. Then I said, "If the property is worth double the amount of thirty-four thousand dollars I have no objection to the loan."

THE SENECA SANDSTONE COMPANY LOAN.

I would like also to say a word in regard to the loan to the Seneca Sandstone Company. I was present at the time that the subject of the loan to that company was brought before the finance committee. That was the first that I knew of it, and I thought with the rest that there were some objections to it, and I took very decided grounds against the surrender of those securities; and I may say that to the last I took decided grounds against it. I believe that I never waived my objections.

By Mr. CAMERON:

Q. You wanted to let it be fought out in the courts?—A. Yes, sir; I thought if they felt they really had a claim upon those securities that we ought to let them test it by law. That is the position I took.

Mr. CAMERON. That is what ought to have been done.

By Mr. GARLAND:

Q. What was the vote of the trustees on that proposition?—A. I cannot quite say. My impression is that when the final vote was taken I was not present at the meeting of the finance committee. I have no recollection of voting. I may have been present; if so, I know that I took my ground against it, but I have no recollection of being present when that vote was taken. I think I was called away and the vote was taken when I was not at the meeting. I cannot recollect of the vote ever having been taken.

Q. Were there any opinions from legal gentlemen given on the subject?—A. Yes, sir; I recollect especially that an opinion was given by Mr. Langston, after he had consulted with others. Still, I took the ground that if we did not do it, the better way was for us to let them secure it by a suit. They were given for some consideration, I suppose, and I felt as though, having been given for some consideration, we ought not, as a matter of course, to surrender them until they could prove that we had no right to them.

SELECTION OF THE COMMISSIONERS.

Q. You were present at the time of the selection of the three commissioners, were you not?—A. Yes, sir; I was.

Q. You have heard the statement of General Balloch in reference to that?—A. Yes, sir; and I fully agree with his statement.

Q. You have no other facts or circumstances that will give any additional light upon that?—A. None at all. He has stated very clearly all the facts of the case.

PROVISIONS REGULATING ACTION OF THE BOARD.

By Mr. WITHERS:

Q. I see under section 3 of the act of incorporation the following provision regarding the management of the business of the corporation (reading):

SECTION 3. *Be it further enacted*, That the business of the corporation shall be managed and directed by the board of trustees, who shall elect from their number a president and two vice-presidents, and may appoint such other officers as they may see fit; nine of the trustees, of whom the president or one of the vice-presidents shall be one, shall form a quorum for the transaction of business at any regular or adjourned meeting of the board of trustees; and the affirmative vote of at least seven members of the board shall be requisite in making any order for or authorizing the investment of any moneys, or the sale or transfer of any stock or securities belonging to the corporation, or the appointment of any officer receiving any salary therefrom.

Q. Do you know whether the provisions of that law were observed in reference to this transaction?—A. I know that it was the intention to observe them after I became acquainted with them and became a member.

Q. A member of the board?—A. No; of the finance committee. I had nothing to do with the loans excepting in the general meetings before. I do not know that my attention was ever called to that particular act. I know there was a very great degree of hesitancy in all cases in regard to loans. I know that loans were refused on that ground after I was a member of the finance committee.

Q. You are unable to state whether that particular provision of the law was or was not observed in the transaction which we have now under consideration?—A. I think it was in all cases that came before the finance committee. I do not know what was done outside of the finance committee, but I know that the finance committee acted on the loans rigidly, and that we had our meetings, as General Balloch stated, once a week, sometimes oftener, and they lasted for two or three hours a day.

PROVISION CONCERNING A QUORUM.

By Mr. CAMERON:

Q. Of how many members did the finance committee consist, Mr. Richards?—A. I think we always considered five a quorum.

Q. So, then, if five was a quorum, a majority of a quorum could transact business?—A. My impression is that there were nine members. I do not quite remember. I know that we considered five to be a quorum; that is the impression that I have. I may be mistaken about that, but I think the number was changed to five, and I think that three was considered to be a majority of the quorum. But there are some points about that which I cannot at this time quite recollect.

Q. If five members constituted a quorum and a majority of the five could make and determine all matters before them, then you can see that three of the nine members could accept or reject loans, or do any other business that might properly come before the finance committee.—A. I understand from that section of the act incorporating the company, which you have read, that there were nine members of the finance committee.

Mr. BALLOCH. There were only five members of the finance committee.

By Mr. WITHERS:

Q. This has reference to the board of trustees, not to the finance committee.—A. O, a quorum of the trustees. I recollect. Then it was five, and three constituted a quorum of the finance committee and nine for the board of trustees. I recollect now.

FINANCE COMMITTEE'S ACTION ON LOANS.

By Mr. CAMERON:

Q. Did not the board of trustees, in fact, render the provision of the charter read by Senator Withers nugatory when they authorized the finance committee of five to accept loans and transfer securities and do any other business that might come before the board?—A. I do not know that I can give an answer to that question. I can hardly say whether it was legally correct or not. Whenever the finance committee made a loan, it was always understood that the loan, or that decision of the finance committee, was to be reported to the full board at its next monthly meeting, for their approval.

Q. Was that understood for loans that were of the ordinary nature?—A. Always; every loan. The report of the actuary was made to the full board monthly, and all these subjects that had come before the finance committee were then acted on or reacted upon, and approved or rejected by the board; in some cases rejected.

By Mr. WITHERS:

Q. What I wanted to get at was if you knew and could inform us who were the seven affirmative votes in the board by which this transfer of securities was authorized?—A. Of the board of trustees?

Q. Yes, sir.—A. Of the Seneca Sandstone loan?

Q. Yes, sir.—A. Will you please state the provisions of the act again?

Mr. WITHERS. This by-law requires that the—

> Affirmative vote of at least seven members of the board shall be requisite in making any order for or authorizing the investment of any moneys or the sale or transfer of any stock or securities belonging to the corporation, or the appointment of any officer receiving any salary therefrom.

Now, loans were made, to secure which certain securities were deposited. These securities were transferred afterwards. I wish to ascertain whether that transfer was made in accordance with the provisions of the law I have quoted.—A. Well, I cannot tell. I do not know who

were present in the board; I cannot say precisely about that; I cannot recollect when it was acted upon before the board. It may have been when I was present, but I do not remember; and if made with less than a majority of seven, of course it was a violation of the law.

Q. But you have no recollection whether it was or not?—A. No; I think at the time of the final action I was not present.

Mr. LEIPOLD. You will probably find the action of the board of trustees at the very next meeting succeeding that date in the trustees' minute-book there (referring to the book).

Mr. WITHERS. I find that it was the next meeting after that of November 13, 1873, and I see there were present Messrs. Alvord, Stilwell, Lewis, Wormley, Purvis, Langston, Balloch, Augusta, Ward, and Bowen.

Mr. BALLOCH. Mr. Bowen was the only man who opposed it. All the rest voted for it.

Mr. RICHARDS. Are these the minutes of the meeting?

Mr. WITHERS. Yes, sir; it does not appear that you were present at that meeting. The vote is not recorded though. It is mentioned that they adopted the report of the finance committee, and no record of the vote by which it was done is given.

By Mr. CAMERON:

Q. Mr. Richards, how often were the regular meetings of the board of trustees held? Were they held weekly?—A. Monthly, unless we had occasional special meetings.

Q. What day in the month?—A. It was on a regular day of the month, I suppose, but I cannot now tell just what day.

Mr. LEIPOLD. On the second Thursday.

Mr. WITHERS. They seem to have been held in the second week of the month.

By Mr. CAMERON:

Q. Now, if an application were made for a loan, we will suppose the day after the board of trustees met in any month, if it were referred to the finance committee, was the loan made or not until it was submitted to the board of trustees at their next meeting, a month thereafter? Were not the loans, as a matter of fact, made upon the report of the finance committee, without submitting them to the board of trustees, without waiting a month?—A. My impression is that in all cases where there was any doubt as to the securities in the estimation of the finance committee, loans were effected in small amounts, but not in large sums. Large sums almost universally—I think universally—were brought before the whole board before they were accepted; but I think that in small amounts, when there was considered to be any doubt as to the security, the loans were effected. At least the finance committee acted upon them and approved them, I suppose. I never took the pains to examine what the actuary did after the vote of the finance committee was had, but I suppose they were usually paid. They were always reported, however, even then, at the next monthly meeting, so that there was a chance for their approval or disapproval. I think in one or two cases there was a reversal—cases in which money had been paid, and it had to be refunded. I think there were one or two cases of that kind.

Q. Refunded by whom?—A. By the party effecting the loan. I think I have a recollection of the fact in one or two cases. I cannot call up the facts distinctly, but I think I remember that the trustees did not approve the loans and they were refunded.

Q. Suppose such a loan was made on a note due in sixty days, and the maker of the note or the person who had it discounted had received the money; you do not pretend to say, do you, that you could compel him to refund or pay the money until the note matured?—A. It was not allowed to be reissued. I won't be positive about that, but I have one case in mind where the loan was not extended at all in consequence of some doubt about it.

Q. Well, my only object in asking this question was to ascertain whether the board of trustees really strictly followed out the provisions of the statute read by Senator Withers, or whether they delegated their authority to the finance committee to make the loan.—A. I cannot state with regard to that, because I do not know that there was any formal act on the part of the trustees in delegating power to the finance committee, any other than is given in the law.

Mr. CAMERON. Well, that is all at present, Mr. Richards. I suppose that if you desire to make any further explanations we will hear them.

PERSONAL ACCOUNT OF Z. RICHARDS.

Mr. RICHARDS. I would like to state that my pass-book, which I used in connection with the bank, says that there is in my favor a certain amount to offset the notes which I was indorsed for. I find, however, that a new entry has been made upon my pass-book of two hundred dollars, charged against me, which is a second charge; it is charged twice over. I make this statement here so that when I come to settle with the bank, as I hope to do, I shall have that matter brought up.

By Mr. GARLAND:

Q. Well, in that connection, Mr. Richards, have you examined the books of the bank to see whether or not you have overdrawn your account?—A. I have not examined the bank-books.

Q. You have not examined the books of the bank?—A. No, sir; I have not examined them; I have my check-book.

Mr. GARLAND. You had better make an examination of that, for we may interrogate you again on that point.

Mr. LEIPOLD. Why, Mr. Richards, you have your own pass-book, you say; did you ever speak to the commissioners, or to any one of them, about that?—A. I did, sir; and have letters from you on that very point.

Mr. LEIPOLD. On what point; that your account is overdrawn?

Mr. RICHARDS. Yes, sir; in order to make it overdrawn the entry of two hundred dollars is made twice over.

Mr. LEIPOLD. Did you ever come back with your pass-book to have it examined into?

Mr. RICHARDS. I have sent a statement to yourself in writing.

Mr. LEIPOLD. You have? I do not remember any such statement. The fact is, Mr. Richards, your account is overdrawn, and I have written you letters calling your attention to it.

Mr. CAMERON. He explains that by stating that the sum of two hundred dollars was charged against him twice on the same day, and the same two hundred dollars.

Mr. LEIPOLD (addressing Mr. Fitzpatrick, committee's expert). Has Mr. Richards's account been examined?

Mr. FITZPATRICK. Yes, sir; and it shows an overdraft of about one hundred and fifteen dollars.

TESTIMONY OF GEORGE W. STICKNEY.

WASHINGTON, D. C., *January* 24, 1880.

Mr. GEORGE W. STICKNEY sworn and examined.

By Mr. CAMERON:

Question. Mr. Stickney, where do you reside at the present time?—Answer. In Washington, D. C.

Q. How long have you resided in Washington?—A. Almost sixteen years.

Q. What connection, official or otherwise, had you with the Freedman's Bank, as it is called?—A. I was clerk in that bank from the 1st of May, 1867, to the 1st of July, 1869. I was then elected assistant actuary, and was assistant actuary till the 1st of August, 1872, and actuary from that time till the bank closed.

Q. You may state, generally, what the duties of the assistant actuary were?—A. About the same as the duties of an assistant cashier in an ordinary bank.

Q. Who was the actuary during the time that you were assistant actuary?—A. Mr. D. L. Eaton.

Q. And the duties of the actuary were about the same as those of a cashier in an ordinary bank?—A. Yes, sir.

Q. Was the office of assistant actuary and actuary a bonded office?—A. It was not, sir.

Q. Neither?—A. The assistant actuary was not.

Q. Was the actuary?—A. Yes, sir; it was.

Q. Did you give bonds when you became actuary?—A. I did not; no, sir.

Q. How were you excused from giving bonds?—A. I never was asked or required to give bonds until the meeting in March, 1874, I think, or the first of April, when the question came up of bonding the officers; and at that time I said, knowing the condition of the bank, that I did not feel like giving a bond, and if it was required of me, I would resign.

Q. You declined to give a bond, then, at that time, and it was not insisted upon?—A. Yes, sir.

METHOD OF OBTAINING LOANS FROM THE BANK.

Q. Explain, now, if you please, in a general way, the method of obtaining loans from the Freedman's Bank.—A. Generally the application was made to the actuary, or to the president of the board, and by them referred to the finance committee for their approval. If they were real-estate loans, the finance committee generally referred them to the actuary and president, or to the actuary alone, for valuation of the property, to report at the next meeting. The finance committee held meetings once a week; upon the approval of the finance committee the loans were made. There were some loans on personal securities that were made by the officers; most of them were reported to the finance committee for their approval. If any securities were objected to by the finance committee, why, it was not done again.

Q. The rule, then, was to refer applications to the finance committee?—A. Yes, sir.

Q. And the applications would then be passed upon by the finance committee, for approval by that committee?—A. Yes, sir; and the loan was made.

Q. Was it made prior to submitting it to the board of trustees?—A. It was.

Q. The only loans submitted to the board of trustees were those that had been already made.—A. Yes, sir.

Q. No matter whether the loan was for a larger or smaller amount?—A. Except for loans on real estate and other securities outside of Washington. We had applications for loans from the different branches. All these were referred to the finance committee, and by them to the board of trustees. There were no loans made outside of the city, unless authorized by the board of trustees.

LOANS UPON INDIVIDUAL NOTES.

Q. Do you recollect whether any loans were ever made upon the personal guarantee of any member of the board of trustees? What I mean by guarantee is, upon the note of individuals, or their indorsement?—A. I do not remember of any loans having been made on any notes—that is, personal notes—of members of the board of trustees. Some of them may appear as officers of corporations, when loans were made. A ew loans wer e made on the indorsements of one or two of the members, wo of whom have been here this morning.

Q. Do you know, as a matter of fact, whether you as assistant actuary, or as actuary, have made any loans that were not approved by the finance committee?—A. I think there are some few; yes, sir.

Q. Can you state now what loans these were?—A. I cannot; it was a long time ago.

Q. Well, when not approved, what was done in such cases?—A. There were but a few loans, a few small loans, and some vouchers, and one thing or other, amounting perhaps to four or five thousand dollars, that were carried along from month to month without anything being said about them, and some small notes, amounting to eight or ten thousand dollars, of that kind.

Q. I suppose you would try to collect them and not make any more such loans?—A. O, no; these were kept along from month to month.

THE SENECA SANDSTONE COMPANY LOAN.

Q. A great deal has been said about this loan to the Seneca Sandstone Company; can you give us any information in regard to that loan?—A. The only information I can give you in regard to that loan is what is in here, and my statement to the finance committee and board of trustees at the time the matter came up of returning the securities and the note.

Q. Well, you may repeat that, so that it may go into the record?—A. I will read a statement that I made to Mr. Langston as chairman of the finance committee.

THE MATTER OF THE "SENECA STONE COMPANY."

Statement of the actuary of the Freedman's Savings and Trust Company in regard to the transactions had with the Maryland Freestone Mining and Manufacturing Company, and with Messrs. Kilbourn and Evans.

WASHINGTON, D. C., *November* 6, 1873.

J. M. LANGSTON, Esq.,
Chairman Special Committee:

At your request I would make the following statement as to transactions had by this company with the Maryland Mining and Manufacturing Company, and with Messrs. Kilbourn and Evans.

1st. As shown by the books of the company, May 18, 1870, $4,000 was loaned to said Maryland Freestone Manufacturing and Mining Company, secured by $10,000 of their second-mortgage bonds.

2d. July 25, 1870, the Freedman's Savings and Trust Company bought of said Maryland Freestone and Mining Company $20,000 of their first-mortgage bonds at 90, with the verbal understanding that the company would take said bonds back from the bank at par after two years.

3d. July 17, 1871, a further loan was made of the Freedman's Savings and Trust Company by said Mining Company, of $27,000, secured by $49,000 second-mortgage bonds of the same as collateral. This statement shows that up to January 2, 1872, the bank held second-mortgage bonds of the Maryland Mining and Manufacturing Company, $59,000, and $20,000 of the first-mortgage.

4th. On January 2, 1872, as shown by the books, the transactions as between the bank and said company were settled, said company at that date being in debt to the Freedman's Savings and Trust Company, for cash loaned:

1st. Loan of May 18, 1870	$4,000 00
2d. Loan of July 25, 1870, being amount paid for 20 first mortgage bonds	18,000 00
3d. Loan of July 17, 1871	27,000 00
4th. Interest due on above loans December 30, 1871	2,785 73
Total due Freedman's Savings and Trust Company	51,785 73

At this date, according to the books of this company, a transaction covering this whole matter was had with Messrs. Kilbourn and Evans, whereby their note was given for $50,000, payable six months after date, and secured as follows, viz: 24 shares American Dredging Company, Philadelphia, Pa., $2,400; 75 shares Metropolitan Paving Company stock, 100 par value, $7,500; 1,000 shares Market-House stock, 50 par value, $50,000; 40 shares National Metropolitan Life Insurance Company, $2,000; 150 bonds Maryland Mining and Manufacturing Company, $500 each, $75,000; and payment by the Maryland Freestone Mining and Manufacturing Company of $1,785.73 on account of interest. This payment was made by check on the First National Bank, signed by C. W. Hayden, Treasurer.

Very respectfully,

G. W. STICKNEY, *Actuary.*

A true copy. Attest:
A. M. SPERRY, *Agent.*

Q. Have you anything to add to that statement in regard to the matter?—A. Well, that is all that I know in regard to that transaction up to the time that we were informed of the agreement of the actuary and the finance committee with Messrs. Kilbourn and Evans.

Q. Under date of January 2, 1872, John L. Kidwell, president of the Seneca Sandstone Company, purchased from the bank twenty thousand dollars of the first-mortgage bonds of the Seneca Sandstone Company. Now, did the the Freedman's Bank receive the benefit of the $20,585 paid for these bonds?—A. It did not. So far as I know, the proceeds of that amount were part of the fifty-thousand-dollar note—the fifty-thousand-dollar note of Messrs. Kilbourn and Evans, which, with the securities of that note, took up all the securities—the loans of the Maryland Freestone Mining and Manufacturing Company, at that time held by the bank.

Q. Well, does any credit appear on the books for that amount?—A. No, sir; the only entries that appeared would be the payment of these loans on one side of the book, and the fifty thousand dollars charged on the other side.

THE AGREEMENT WITH KILBOURN & EVANS.

Q. There is a loan appearing on the books as made to Kilbourn and Evans, January 2, 1872, of fifty thousand dollars. Was or was not that an actual loan to them, or was it simply a transfer of this account with the Seneca Sandstone Company to the other account?—A. Simply a transfer of the amount due to the bank by the Seneca Sandstone Com-

pany. The only money that I knew of as passing in the transaction was $1,785; and that was paid by the Maryland Freestone Mining and Manufacturing Company to the bank—the difference between fifty thousand dollars and the amount due with interest.

Q. What became of this amount, as charged to Kilbourn and Evans; did they pay it?—A. They did not. Under an agreement all the securities mentioned in the note, and the note, were returned to Messrs. Kilbourn and Evans, with the exception of the seventy-five thousand dollars second-mortgage bonds of the Maryland Mining and Manufacturing Company.

Q. It amounted, then, in substance, to the purchase of these seventy-five thousand dollars second-mortgage bonds?—A. Well, the agreement says, "Said note is payable six months after date, with ten per cent. interest; and in case said Evans and Kilbourn's note shall not be paid as it becomes due, then it is fully agreed that the Freedman's Savings and Trust Company shall keep the seventy-five-thousand dollar bonds of the Maryland Freestone Manufacturing and Mining Company as full payment of said note and interest, and surrender to said Evans and Kilbourn the other securities above enumerated [save and except the $75,000 bonds of the Maryland Freestone Manufacturing and Mining Company] together with their note."

Q. The bank bought these twenty thousand dollars of bonds in the first place, did it not?—A. Yes, sir.

Q. And then the bank sold these same bonds to Kidwell for $20,585?—A. I do not know whom the bonds were given to.

Q. Were not the bonds sold by the bank for cash?—A. No, sir; I have no personal knowledge of that fact; but I think not.

By Mr. WITHERS:

Q. In that connection, I would ask your attention to this memorandum, [showing to witness an entry in the bond-book].

WITNESS [reading]:

JANUARY 9, 1872, SENECA CO., 90.

NOTE.

Mr. John L. Kidwell, on the 9th January, repurchased these bonds, paying for them, in cash, 90c.=$18,000.

With interest on that amount at 10 per cent. from July 26, 1870, date of purchase by this company, less the amount of coupons which had matured while the company held them.

Bonds	$18,000
Interest, 10 per cent.	2,580
	20,580

Less gold coupons.

Mr. WITHERS. This is a memorandum, on this book, which is called the "bond-book" of the bank. Please look at that entry.

Mr. STICKNEY. (Examining.) I have seen that entry.

Q. Was not that entry right?—A. The note (memorandum) was by Colonel Eaton.

Q. The Colonel Eaton who was then actuary?—A. Yes, sir; Colonel D. L. Eaton.

By Mr. CAMERON:

Q. Well, do the books of the bank show that that statement is true or false?—A. They show that it is not true.

Q. Well, if it is not true, it must be false.

Mr. WITHERS. There cannot be two sides to that.

By Mr. CAMERON:

Q. Under date of January 9, 1872, Mr. Stickney, there is a receipt signed by John L. Kidwell, acknowledging to have received from Mr. Eaton, the then actuary, seventy-five thousand dollars bonds of the Seneca Sandstone Company; yet, as a fact, we find these bonds are still in possession of the commissioners; can you explain anything about that receipt?—A. I cannot; I never heard of it before, that I remember.

Q. In whose handwriting is that paper [showing receipt]?—A. In the handwriting of Colonel Eaton.

Mr. LEIPOLD. That receipt was found after the former investigation.

Mr. STICKNEY. I do not know anything about that.

Mr. GARLAND. Let it be established. You know, Mr. Stickney, that it is in the handwriting of Mr. Eaton?—A. Yes, sir.

Mr. CAMERON [reading]:

FIRST NATIONAL BANK, WASHINGTON, D. C.,
June 9, 1872.

Received of D. L. Eaton, actuary, $75,000 convertible bonds of Maryland Mining and Manufacturing Company, which are held as security for two notes of said company, one for $27,000, dated May 18, 1870, and one for $4,000, dated June 7, 1870.

JOHN L. KIDWELL,
President.

By Mr. CAMERON:

Q. In the statement you read, Mr. Stickney—the same one that you gave before the Douglas committee, was it not?

Mr. STICKNEY. Yes, sir.

Mr. CAMERON [resuming]. The one addressed to Mr. J. M. Langston, and dated November 6, 1873, in giving a statement of the loans made to the Seneca Sandstone Company, you include among them a note dated July 25, 1870, for eighteen thousand dollars. This appears to be the amount paid by the bank in the purchase of these bonds. Now, if the bank purchased them, why did you include the amount, and class it with the loans to the Seneca Sandstone Company?—A. Because, while it showed there as a purchase, it virtually was a loan, under an agreement—a verbal agreement, as I understand it—with Kidwell, then president of the company, that they should pay six per cent. gold interest, and redeem them at par at the expiration of two years.

Q. So that the books do not show truly what the transaction was.—A. No, sir.

Q. Well, what was the object in making that—perhaps I will call it erroneous, or we had better call it false—entry in the books?—A. I do not know.

Q. Well, by whose direction was it made?—A. It was made by direction of Colonel Eaton, who was then actuary of the Freedman's Bank.

By the CHAIRMAN:

Q. Were you connected with the bank at that time?—A. I was.

Q. In what capacity?—A. I was assistant actuary at that time.

Q. And knew of this transaction at the time?—A. Yes, sir. I knew about the agreement afterward. I made the entry on the books at that time, as instructed by the actuary, as a purchase. I understood afterwards, that they were to be taken up at the end of two years at par.

By Mr. CAMERON:

Q. Mr. Stickney, in the same statement made by you to Mr. Langston,

you give the whole indebtedness of the Seneca Sandstone Company on the 2d of January, 1872, to the bank, including the eighteen thousand dollars just referred to, as $51,785.73. Now, that includes accrued interest; yet on the 9th of the same month, it appears that the eighteen thousand dollars were bought from the bank by the Seneca Sandstone Company. Now, state how it happens that Kilbourn & Evans assumed a debt of fifty thousand dollars, which, as is stated, was only an act of accommodation to the bank; and when the loan is again put back, in the name of the Seneca Sandstone Company, and Kilbourn & Evans's collaterals surrendered (excepting the $75,000 bonds), the Seneca Sandstone Company is charged with a loan of fifty thousand dollars, eighteen thousand of which has, in the mean time, been canceled.—A. Do I understand the question to be why, after the note had been surrendered to Kilbourn & Evans, it was charged to the Seneca Sandstone Company?

Mr. CAMERON. Yes, sir.

A. I put it back according to this agreement, that the bank should take the bonds, and it was simply charged as an amount due from the company.

Q. Do you know whether any of the other officers of the bank had any knowledge of the agreement made by Evans with the actuary, in regard to this bond, at the time it was made?—A. I do not know. If the agreement was indorsed by three members of the finance committee, the majority of the finance committee indorsed that agreement.

Q. It appears, Mr. Stickney, that the bank held as collaterals for this loan to the Seneca Sandstone Company fifty-nine thousand dollars of second-mortgage bonds, exclusive of the twenty thousand dollars first-mortgage bonds?—A. Yes, sir.

Q. These were first-mortgage bonds—the twenty thousand dollars. Now state how the balance of sixteen thousand dollars of second-mortgage bonds (which go to make up the seventy-five thousand dollars now held by the commissioners) came into the possession of the bank. Where did they come from?—A. All I know about it is that they appear there as collateral for the note of Kilbourn & Evans of fifty thousand dollars. The first I saw of any seventy-five thousand dollars, we had it previous to that fifty-nine thousand dollars.

Q. Well, were these second-mortgage bonds slipped into the bank as security in the place of the twenty thousand dollars first-mortgage bonds that had slipped out in some way?—A. The seventy-five thousand dollars, under the agreement, was slipped in for all that Maryland Freestone Mining and Manufacturing Company loan in place of the twenty-thousand dollars first-mortgage bonds. As I understood it, by that agreement, as it was carried out, the bank received, for the fifty-nine thousand dollars second-mortgage bonds, seventy-five thousand dollars second-mortgage bonds; and the bank lost by the transaction the difference in value between the sixteen thousand dollars second-mortgage bonds and the twenty thousand dollars first-mortgage bonds.

Q. Can you state whether Kilbourn & Evans, or Kilbourn & Latta, or any one of them, was ever employed by the bank in appraising the property of the bank, upon which it was proposed to make loans?—A. Kilbourn & Latta were designated by the finance committee to appraise all property on which loans would be made. Under an amendment to the charter of May, 1870, they acted in that capacity about a year, I think.

Q. I find under date May 9, 1870, of the finance committee's record, that Messrs. Kilbourn & Latta, real estate agents, were nominated for

appraisers; were they at that time indebted to the bank?—A. I think not.

Q. Can you state about what sums they received as appraisers of the bank?—A. The parties applying for loans to the appraisers? I said that I thought the appraisers were not indebted to the bank; but on the same page there appear to be a good many loans; I will take that back.

Q. I asked the question because they had a good many dealings with the bank?—A. After you asked the question, it came to my remembrance that prior to May, 1870, the bank was not allowed to loan on real estate, but there were considerable many loans made, and Kilbourn & Latta gave their demand note, secured by real estate security, and got money on it in that way, and made the loan in that way.

By the CHAIRMAN:

Q. Well, had they not already loaned eighty thousand dollars on real estate, prior to the passage of the act you have just referred to?—A. Yes, sir; they were made on what was called the "available fund." They were all demand loans.

By Mr. CAMERON:

Q. On real-estate security?—A. Yes, sir. The real-estate note would be given for a certain length of time, but would be used as collateral for the demand note.

COMMISSIONS RECEIVED BY OFFICERS OF THE BANK.

Q. Do you know, as a matter of fact, whether any of the officers of the bank, at any time, received commissions upon loans made by the bank?—A. I do not; no, sir.

Q. Do you know whether Mr. Eaton, when actuary, did or did not receive such commissions?—A. I did not, while he was acting as actuary, know that he received commissions in any way. There was one witness, in the last investigation, who testified to some commissions on loans; but I never knew anything about it.

Q. Do you know whether Kilbourn & Evans, or Kilbourn & Latta, were employed by the bank to appraise the property where the bank building now stands?—A. They were, sir.

Q. Do you know what they were paid by the bank for their services in that matter?—A. I think they were paid twenty-five dollars, although I am not sure.

COMMISSIONS PAID TO KILBOURN & LATTA FOR PURCHASE OF REAL ESTATE.

By Mr. CAMERON:

Q. Look at that [handing witness a receipt]. State what paper that purports to be.—A. It is a receipt of Kilbourn & Latta for two thousand and sixty dollars.

Q. What was the consideration in the case? Was it compensation to them as appraisers of the bank property?—A. No, sir; this was not for appraising the property of the bank; it is the commission paid to them for purchasing the ground on which the bank building now stands, on Fifteenth-and-a-half street and the avenue.

Q. That is, it is the commission paid to them for a real-estate transaction—a purchase for the bank?—A. Yes, sir; they were employed to purchase that property for the bank.

FEES TO W. H. WARD FOR EXAMINING TITLE.

By Mr. GARLAND:

Q. There is an item in the receipt, of sixty dollars paid to W. H. Ward for examining the title; what is that?—A. Mr. Ward examined the title for the bank.

Q. As a lawyer?—A. Yes, sir; he is an examiner here—an examiner of titles; and we supposed at that time that he was the best examiner in the city.

By the CHAIRMAN:

Q. The bank proposed to purchase the property, and paid the sixty dollars for this examination?—A. Yes, sir; they did.

Q. Is it not usual for the seller to furnish the abstract of titles?—A. Generally, here, the buyer.

By Mr. GARLAND:

Q. I want now to call your attention to the evidence of Hallet Kilbourn given before the Douglas committee. He was asked this question, speaking of the purchase of this property to which we are now referring: "How was the compensation allowed you by the agents of the bank assessed and paid?" He replied: "The bank never allowed us anything, and never paid us anything." Is that correct?—A. No, sir; they did pay this commission and this fee.

Q. It appears from this paper that they paid them $2,000.—A. Yes, sir; that is what they paid them.

Q. Well, have you any recollection of the transaction—any knowledge of it?—A. Yes, sir.

Q. Does your knowledge of what was paid correspond with the amount stated in that receipt?—A. It would appear to be a commission of two and a half per cent., or two thousand dollars on the purchase—a purchase of eighty thousand dollars.

Q. Did you see that sum paid to them?—A. No, sir; I did not see the money put into their hands.

Q. But you know that the money was paid to them?—A. Yes, sir.

Q. And you were at that time assistant actuary of the bank?—A. Yes, sir (looking at receipt). It is dated September 16, 1869; I was assistant actuary at that time.

LOANS MADE BY PERSONAL APPLICATION AND THROUGH BROKERS.

By Mr. CAMERON:

Q. Now, to pass from that subject: were applications for loans ordinarily made by the persons applying for the loans, or were they made through agents or brokers?—A. Sometimes they were made by the parties applying in person, and sometimes through agents.

Q. Well, what would you say in this respect as to the majority of the applications?—A. Along the first two or three years, I think the majority of the applications were made through brokers; but after the first year or so—after 1871 or the first of 1872—one of the trustees made a motion (and I think it was passed by the board) that after that date no applications for loans should be received through brokers, and that ran along for a while and was then rescinded.

Q. What was the immediate occasion for that action of the board?—

A. The resolution was passed, I think, on account of some one of the trustees who did not wish Messrs. Kilbourn & Latta to get loans from the bank.

Q. Have you any recollection or did you at any time have knowledge of any employé of the bank receiving commissions for any loan or loans made?—A. I have not, sir; I do not know that they ever did.

THE J. C. KENNEDY LOAN.

Q. Do you know anything of a loan made to J. C. Kennedy of twelve thousand dollars, on March 26, 1872?—A. Yes, sir.

Q. On what security was that loan made?—A. That loan was made on a twenty thousand dollar second-mortgage bond of the Maryland Mining and Manufacturing Company.

Q. Now, it appears that the transactions of which we have been speaking—those of Messrs. Kilbourn & Evans—in which the second-mortgage bonds of the company were substituted for first-mortgage bonds, and so on, were made in January, 1872. Can you explain why it was that so soon after that another loan of twelve thousand dollars was made on the same security?—A. I cannot, unless it was——

Q. Was it not suspected at that time that these second-mortgage bonds were good?—A. Yes, sir; and Mr. Kennedy was supposed to be very good.

Q. What was Mr. Kennedy's business?—A. He had no business that I know of. He was a gentleman who lived here and whom I supposed to be wealthy.

Q. Has that loan to Kennedy ever been paid?—A. Not to my knowledge. It is in court, I think, yet. I have here the record-book of the finance committee, referring to the making of that loan.

Q. Well, you may refer to that. Who were present, and who passed upon that loan?—A. (Witness reading.) "The committee met on special call. Present, Messrs. Alvord, Kelly and Langston. Mr. J. C. Kennedy offered a loan, or a request for a loan on his own note, for twelve thousand dollars, with collateral security for the same of twenty thousand dollars of Seneca bonds. After discussion and consideration it was authorized."

Q. Your understanding now is, therefore, that the loan was really made on the strength of Mr. Kennedy's personal responsibility, rather than upon the goodness of the collateral?—A. Yes, sir.

Q. Do you understand, Mr. Stickney, that the company was authorized at that time to make such loans without collateral security?—A. I suppose they thought that they had sufficient collateral security in Mr. Kennedy, authorizing them to make the loan to him. (Witness smiling.)

Q. Well, they might then, if that was their method, call anything collateral, whether it had any value or not?—A. I believe that Mr. Kennedy's executor declines to pay that loan, because he, Mr. Kennedy, did not get the money; it was made for the Seneca Sandstone Company; that is his defense.

By Mr. GARLAND:

Q. Tell us in that connection, Mr. Stickney, what you know about the attempt to collect it. You say it is still in court?—A. Yes, sir; it is still in court.

Q. How long has it been there?—A. Mr. Kennedy died the latter part of 1873 or the first of 1874. Before the bank failed I filed a claim in the orphan's court against it, and since that time it has been in court.

Q. And the executor contests it on the ground that the loan was

made to the Seneca Company, and Mr. Kennedy did not get the money?—A. Yes, sir.

Q. What is the attitude of the case now?—A. Mr. Leipold can tell you.

Mr. LEIPOLD. It is in the Supreme Court, and will be reached this term, I think.

Q. Who is the appellant?—A. The executor.

Q. Who gained it in the court below?—A. We gained it.

Mr. CAMERON. I cannot quite see on what grounds they could contest it.

THE HALLET KILBOURN LOANS.

By Mr. CAMERON:

Q. Under date of October 2, 1871, Mr. Stickney, a loan appears to Hallet Kilbourn of ten thousand dollars. The collateral for this loan was a note of Kilbourn, Evans & Clephane, indorsed by William S. Huntington, on ninety days' time; on the 24th of October of the same year another loan was made to Kilbourn on the same collateral, for the same time and amount. The first loan is recorded paid, as of January 3, 1872, and the second on July 2, 1873; but on the 3d of January, 1872, the day the first loan was paid, the collateral for the second loan is changed for a note of Hallet Kilbourn in favor of Clephane, dated January 3, 1872, for ninety days, for ten thousand dollars. Now what I want to get at is, whether these were separate transactions and distinct loans, or was it simply an extension of the first loan?—A. I think it was a renewal or extension of the first loan.

Q. Well, it appears that the entries on the books do not show that it was an extension of the first loan?—A. Well, I think that the first loan was paid in money, and then the other was given the same day, or one or two days afterwards.

Q. Then the first loan was probably paid with the understanding that either on that day, or very soon thereafter, another loan would be made to him?—A. Yes, sir.

Q. Can you state whether Huntington and Clephane were were or not, at that time, members of the finance committee?—A. What is the date?

Q. The different dates begin with October 2, 1871, and run on to July 26, 1873.—A. In 1871 Mr. Huntington and Mr. Clephane were both members of the finance committee.

Q. How was it in 1872?—A. Mr. Huntington resigned on February 8, 1872.

Q. Did Clephane still remain a member?—A. I have not the date of Mr. Clephane's service. The records will show (turning over the minute-book of the finance committee).

Q. Well, you need not now examine that further. The records will show whether these gentlemen were members of the finance committee or not.—A. I think Mr. Clephane was not; I do not see that he was at any of the meetings—yes, I see here that he was at the meeting of March 11, 1872. He was therefore a member at that time.

Q. There is another loan to Kilbourn, of three thousand dollars, which remains unpaid. The collateral was Kilbourn's own note as president of some bogus railroad company, as I understand it. Do you recall anything about that?—A. It was a railroad company incorporated but not built (smiling).

Q. Can you state why that collateral was accepted, and why the loan was not collected? State any facts you may have in reference to that.—

A. All I know about that is, that the actuary took the note, and I carried it in cash for a long while, with the understanding that it would be paid from time to time, and it was not; and I think that after I became actuary I charged it up among the losses.

Q. Can you state about what time that loan, which you regarded as a sort of call loan, was made?—A. I think, about the first of 1872.

Q. And how long was it carried as cash?—A. It was carried as cash some six or seven months.

Q. Well, was the collateral, as a matter of fact, of any value at that time?—A. I do not know, I am sure, but I think not. The company got a charter through Congress, and it was called, if I remember right, the National Junction Railway. It was to run from the Baltimore and Ohio road around to Georgetown, and it was to have a union depot. A bill authorizing its construction was in Congress and was passed, but nothing was ever done, and I do not suppose it is of any value now, unless the franchise might be.

Q. Is that all the information you have in regard to that loan?—A. It is all I know about that.

Q. Do you know whether or not any portion of the loan was ever paid?—A. I do not know whether any portion of it was paid, excepting some one or two hundred dollars, I think—something of that kind, but I am not sure.

THE JOSEPH B. STEWART LOAN.

Q. Let me call your attention now to a loan made to Joseph B. Stewart, of $3,250, on five thousand dollars in bonds of the Union Pacific Railroad Company. The books show that these bonds were not held by the bank, but were left in the hands of some other person. The amount of that loan is unpaid. Can you explain how it happened that the bank made loans on a collateral which was not in its possession, and which it appears it never had control of?—A. I cannot.

Q. Do you know the fact?—A. I know the fact of a loan, and I know the facts of the case since. I think it was made on Mr. Huntington's request. He was then a member of the finance committee, and said it was all right; it would be paid in a few days.

Q. Well, it purports to have been made on $5,000 as collateral?—A. As I understand it, the possession of these bonds was a matter in suit. Mr. Stewart claimed some fifty thousand dollars, and I think Mr. Fant was trustee in the matter. They were put in his hands to be turned over when the suit was decided.

Q. And were never in fact turned over?—A. Well, the suit has never been decided yet.

By Mr. WITHERS:

Q. I understand you that this loan was made nominally on the security of these bonds, which were not in the possession of the bank, but were in possession of the trustee of Mr. Stewart?—A. They may have been in his possession, but he could not deliver them unless the decision of the court authorized him to do so.

Q. The ownership is still a matter of doubt, and is being adjudicated?—A. Yes; they either belong to Mr. Stewart, or to some one else; that is a matter of doubt.

By Mr. CAMERON:

Q. So that the loan was really made without any security whatever?—A. Yes, sir.

THE WILLIAM M. PUMPHREY AND OTHER LOANS.

Q. On the loan ledger, Mr. Stickney, in the account of William M. Pumphrey, there is a pencil memorandum as follows: "Note missing and fraudulently released by G. W. Stickney." There appears a balance on account of this loan of $705.03. The same applies in the cases of Francis Wright, with an unpaid balance of $174.94; Margaret Hetzel, an unpaid balance of $757.50; George H. Simonds, and others. Now I will ask you why the securities on these loans were released. Give any explanation you can of these transactions.

THE MARGARET HETZEL LOAN.

The WITNESS. In the Margaret Hetzel loan I remember that I released that through an error; that is, I released it and took an order for it, which was not paid afterwards.

Q. You took an order on somebody else?—A. Yes, sir; I took an order which was not paid.

Q. Do you remember on whom the order was?—A. On William J. Cook.

Q. Was it accepted?—A. No, it was not accepted. Mr. Cook told me it was all right; that it would be paid; and I had always a great deal of confidence in him.

Q. Then you released the security upon receiving an order from Margaret Hetzel on Mr. Cook?—A. Yes, sir.

Q. And it was an unaccepted order?—A. It was.

Q. And the order was never paid?—A. It was never paid.

Q. Are there any other circumstances you call to mind in reference to that transaction?—A. There were some circumstances connected with that matter that I remember influenced me in releasing that order, but I cannot now call to mind what they were; but I remember that there were some things connected with it that led me to release it.

By the CHAIRMAN:

Q. You gave the release without any security whatever?—A. Yes, sir; there was no security but the order which was not paid—was not accepted.

THE WILLIAM M. PUMPHREY LOAN.

Q. How was it in the matter of William M. Pumphrey?—A. The William M. Pumphrey and the Hetzel loans were the only ones I ever released while I was an officer and actuary of the bank. The Pumphrey loan I intended to pay myself, and I think I have paid that.

Q. Do you mean that you assumed the responsibility of that?—A. Yes, sir; that, with my commission on sales and witness attendance fees, I think, has been paid, and something over.

Q. Well, if the bank became indebted to you afterwards, you did not release that loan with the expectation of paying it in that way, did you?—A. No, sir; I released it with the expectation of being able to pay it. I supposed I should be able to pay it.

Q. Well, let us know all about it.—A. As to taking the note up, I will say that I did not take it up; I never took up any note from the bank.

Q. Was there any entry made on the books of the bank showing that you had assumed the indebtedness?—A. I think there was an entry on the note.

Q. The note has disappeared?—A. I do not know anything about that.

Q. Who had the custody of the notes?—A. Mr. Nyman, the loan clerk. Mr. Nyman, the president, and myself were the only ones who had the custody of the notes.

Q. Do you know what became of the note?—A. I do not; no, sir.

Q. Did you ever direct it to be surrendered?—A. I never directed the note to be surrendered; no, sir.

Q. And you assumed the indebtedness yourself?—A. Yes, sir; I did.

Q. Would not the maker of the note expect his note to be surrendered to him, as a business transaction?—A. I do not think he would. I do not know that he knew whether it was paid or not, for the property did not belong to him at the time the note was released.

Q. You assumed the indebtedness then, I suppose, on account of some indebtedness of Pumphrey to you?—A. I did.

Q. Well, state how it was.—A. I took the property it was secured on.

By Mr. WITHERS:

Q. What was the character of the security?—A. It was real estate—a house.

Q. A mortgage on real estate?—A. Yes, sir.

Q. And you took the mortgage?—A. Yes, sir. The mortgage was in the bank at the time, and I took the property and released it, expecting to be able to pay in a few days, but I found I was not able, and it ran along.

By Mr. CAMERON:

Q. The bank then held the mortgage on the property as security for the loan?—A. Yes, sir.

Q. And Mr. Pumphrey conveyed the property to you?—A. Yes, sir.

Q. You agreeing to pay this loan?—A. Yes, sir.

Q. Did not Mr. Pumphrey, when he made that arrangement with you, ask you to give up his note to him?—A. No, sir; because he did not know whether the note would be paid in one year or in ten years.

Q. That is, when you assumed the debt?—A. Yes, sir.

Q. He expected to be released from it when he made the arrangement with you?—A. The note, when I first assumed it, was for one thousand dollars. I paid on it four hundred dollars or thereabouts, I think.

By Mr. WITHERS:

Q. You paid three hundred dollars?—A. I think the interest makes up the balance.

Mr. LEIPOLD. Yes, sir.

The WITNESS. I paid four hundred dollars.

By Mr. CAMERON:

Q. The bank then knew nothing about this private transaction between you and Pumphrey?—A. No, sir.

By Mr. WITHERS:

Q. What security had Mr. Pumphrey?—A. He had none. The bank held his note, but he supposed that I had released the note, and I did release it.

By the CHAIRMAN:

Q. This was while you were the actuary, or the assistant actuary—which?—A. It was while I was actuary, I think—near the last of my service as actuary. What I say is this: he would not expect to take up

the note, for when I took the property, I had no agreement to pay in one year or in ten years, so far as Pumphrey was concerned.

By Mr. WITHERS:

Q. The bank, you say, knew nothing about the matter?—A. No, sir.

Mr. LEIPOLD. The security was a deed of trust, with Mr. Stickney as trustee, and having assumed the payment of the note, he subsequently acquired the legal title to the property. He then released the deed of trust and sold the property, I suppose.

Q. Leaving the note for which the trust had been executed still unpaid?

Mr. LEIPOLD. Part of it.

THE FRANCIS WRIGHT LOAN.

By Mr. CAMERON:

Q. What explanation do you desire to give in regard to the account of Francis Wright? There is an unpaid balance on this account of $474.24.—A. That is an account, I think, in which a commission was involved. There were some properties to be sold, and I sold them, and got the money, and kept it. We had a dispute as to whether I was entitled to the commission or not. I told the commissioners that I did not propose to settle until the matter of the commissions to trustees was settled. We had a meeting at the time, and it was settled; and they acknowledged that I was entitled to so much, which was made up at the time, and they allowed that one-half of the regular fees should be entered to my credit. The only two matters that happened while I was an officer of the bank were the Pumphrey matter and the Hetzel note; the others were afterward.

Q. There was a deed of trust to the bank in the Wright case, and you were a trustee named in the deed of trust, and you released the note which was held by the bank as security?—A. No, sir; I sold the property under the deed of trust.

Q. By what authority?—A. Under the instructions of the commissioners.

Q And you declined to pay over the money to the commissioners until your account was settled; was that it?—A. Yes, sir; I suppose Mr. Leipold has the agreement which was made when we settled this account.

ACTUARY'S CLAIM TO FEES AND COMMISSIONS.

Mr. LEIPOLD. The papers are in the bank. At a certain time, when some of these things made their appearance, we called on Mr. Stickney to explain them, and he acknowledged that he owed the bank certain moneys, in a number of cases. We wrote out a statement, showing the amount due in these cases, and Mr. Stickney then acknowledged that he owed that money. He then reasserted his claim to commissions. That was after he left the employment of the bank. He had no further connection with the bank at that time. We found that he was trustee in most of the deeds of trust covering the loans then held by the commissioners; and it was finally agreed that he should act under these deeds of trust, and sell the property, if necessary, and that we would allow one-half the stipulated commission—that is, the commission as stipulated in the deed of trust—and that we would credit him the amount of

these commissions as against this debt that he acknowledged that he owed.

Mr. STICKNEY. Also the fees as witness in bank cases; for I was witness almost every other day.

Mr. LEIPOLD. Yes, sir; most of the time Mr. Stickney was occupied in the interests of the bank, as a witness in the courts; and it was also understood that he was to be credited with whatever witness fees he was entitled to from the bank; and that has been done to some extent.

Mr. STICKNEY. We have had a settlement.

Mr. LEIPOLD. We had a partial settlement then.

Mr. STICKNEY. But not since then.

Mr. LEIPOLD. I have asked you several times to make up the account.

Mr. STICKNEY. I have not kept an account of the fees that I was entitled to as witness.

By Mr. CAMERON:

Q. Well, your understanding of the matter agrees with Mr. Leipold's, does it?—A. Yes, sir.

Q. How did it happen that your name was inserted in these deeds of trust?—A. The actuary or assistant actuary was made trustee on all deeds of trust given to the bank.

THE LOAN TO DAVIS AND BALLOCH.

Q. Under date of April 5, 1872, a loan was made to Davis & Balloch of two thousand dollars, on two thousand dollars of United States five-twenty bonds. On the 18th of December, of the same year (1872), these bonds were withdrawn, and eighteen shares of Fitchburgh railroad stock substituted in their stead. Can you explain why that was allowed?—A. I do not remember anything about that.

Q. The register shows that that was the transaction?—A. I do not remember about it. I remember a note of Davis & Balloch, and that part of it was unpaid; but I cannot recall any other circumstances connected with it, at this time.

Q. What was this Fitchburgh railroad stock; do you know anything about that?—A. I do not remember about that. I knew about the road, and also supposed it to be a good road; but I do not remember anything further in regard to that.

By Mr. WITHERS:

Q. You have no knowledge of the exchange of United States five-twenty bonds for that stock?—A. I may have had knowledge of it at the time; but I do not have any knowledge of it now.

LOANS TO ALEXANDER, PIKE, AND SAMMIS.

By Mr. CAMERON:

Q. There are several small loans that I would call your attention to—a loan to C. M. Alexander, of fifty dollars; to J. T. Pike, of $101.85; and to E. C. Sammis, of ten dollars—for which no security was taken, but the amount was carried as cash. Do you know anything about these transactions?—A. No, sir. You say no note was taken for any of them?

Q. It seems not.—A. Certainly. In the case of C. M. Alexander we had a lien on his place for six thousand or six thousand five hundred dollars. When he came to pay it, he was short fifty dollars, and I took

his note. He got some money to pay it, and I took it; for I thought that if his place had to be sold we would not begin to get as much money as was paid, which was the fact; for it has been sold since for only four or five thousand dollars.

Mr. LEIPOLD. Well, it does not appear that any note was taken.

Mr. STICKNEY. A note was taken, certainly.

Mr. CAMERON. And carried as cash, probably on a slip, and put into a drawer.

Mr. STICKNEY. We had some correspondence about it; I remember a note with Mr. Alexander's letter appended to it, refusing to pay it, or something of that kind.

Mr. LEIPOLD (to Mr. Stickney). Mr. Alexander claims that R. M. Hall was to pay that note.

Mr. STICKNEY. I do not remember about that; I know that R. M. Hall was the man that made that transaction.

By Mr. WITHERS:

Q. Well, you carried the slip as cash, and loaned the money?—A. The cashier loaned the money, and put the slip in the cash drawer, and he, it seems to me, is responsible for it.

Mr. STICKNEY. In reference to that $101.85, that was a check which went to protest—a check for one hundred dollars, and the $1.85 was the protest fee.

Mr. LEIPOLD. Yes, sir; it was a check.

THE EVAN LYONS LOAN.

By Mr. CAMERON:

Q. The witnesses who have been examined before you this morning have explained something in regard to the Lyons loan. Is it your recollection of that transaction that it was similar to the others?—A. Yes, sir; they made several applications; they wished the bank to take three or four deeds of trust, because there were several deeds of trust in that matter, and to give the bank a first deed of trust.

By Mr. WITHERS:

Q. How were the older deeds lifted from the property?—A. With the proceeds of the last note; a note for five thousand dollars. I think Mr. Herr, of Georgetown, had some eight or ten thousand dollars in these deeds of trusts; he received the money, and took a deed of trust for his claim, which was thirty-four thousand dollars. He wanted forty thousand dollars, which we did not allow. I examined the property and told him that I did not think it was worth the loan of thirty-four thousand dollars which was made.

By Mr. CAMERON:

Q. Do you know whether the loan made to Lyons, or any portion of it, was actually used in taking up the prior loans?—A. It was all used for that, I think; I am very sure that every cent of it was so used.

Q. You think it was all cleaned up?—A. Yes, sir; and that Mr. Herr took the balance; that is, the balance due after paying all the mortgages but his; and then he took a new deed of trust for the balance of five thousand dollars.

By Mr. WITHERS:

Q. He received a portion in cash, and took a second-mortgage for the residue?—A. Yes, sir.

THE RUDOLPH LOBSIGER LOAN.

By Mr. CAMERON:

Q. One of the witnesses has been asked about a loan made to a man named Rudolph Lobsiger. Do you know the man?—A. Yes, sir; I do.

Q. Do you know where he now resides?—A. I do not know whether he is in this city now, or not. He did live down toward Bladensburg. I saw him two or three months ago, when he told me that he lived in this city somewhere.

Q. Now, on ledger A, page 350, of Lobsiger's account, there is a balance shown to be due and unpaid to the bank of $1,550; and in pencil these words appear: "Mr. Stickney says this was paid before the bank failed." If this is so, why was not the account credited with the payment, and closed?—A. Well, it should have been. I cannot explain why it was not. My remembrance of that loan is that I was in New York, in 1873, and I received a telegram from Mr. Nyman, the loan clerk, that he was very much in need of money (for the bank); that he received $3,000 for that note, and a certain note I knew about that was there, to make up the balance. I telegraphed him back, "Yes;" and I supposed that the whole thing was settled in that way.

Q. Then your understanding of it was that it was paid?—A. Yes, sir; the note for $3,000 was paid in cash, and the balance on another note was held in the bank.

By Mr. WITHERS:

Q. What was the amount of the original debt?—A. The loan was for $5,000, but there never was more more that four thousand to forty-five hundred dollars advanced on it.

Q. I cannot see that there is any entry in the books showing that payment.—A. It ought to be there. If it is not, I do not know why it is not. I have no personal knowledge of it.

Q. It was paid while you were in New York, was it?—A. Yes, sir; I telegraphed back to Mr. Nyman, saying: "Yes, take the $3,000;" and I supposed it was paid.

Q. Is that all the knowledge you have with regard to it?—A. I always supposed it was paid till Mr. Leipold called my attention to it.

By Mr. WITHERS:

Q. You never have seen, yourself, the deed that was executed for the balance?—A. No, sir; they were all turned over to the loan clerk, and I know nothing about it.

By the CHAIRMAN:

Q. You did it through Mr. Nyman, the loan clerk, did you?—A. Yes, sir.

Q. Where is Mr. Nyman now?—A. In the Post-Office Department, in the Superintendent's office.

By Mr. LEIPOLD:

Q. Had the George H. Simon's note anything to do with it?

Mr. STICKNEY. Nothing at all.

By Mr. CAMERON:

Q. Did you ever inquire whether payment had been made?—A. I never did; for I think, when Mr. Leipold called my attention to it, Mr. Nyman was then an employé of the commissioners; I am not sure.

Mr. LEIPOLD. I will state, here, that what called my attention to it

was this: in checking off the balances which were brought to the commissioners' books from the bank's books, at the time we took charge of the office, I found that there was a balance that had not been brought forward; and I asked Mr. Stickney about it. He said that that loan was paid, and had been paid before the bank closed. I found, of course, a great many transactions with this man Lobsiger. There were two or three amounts that were transferred in his name. That is all the explanation I have ever been able to get about it.

By the CHAIRMAN. There is no record showing that anything had ever been paid.—A. It was originally $4,500; and $3,000 was paid; this is the balance.

By Mr. WITHERS:

Q. I presume that the balance really represents the amount of the second note and mortgage which was executed.—A. That is my remembrance of the way in which the three thousand dollars was paid.

Mr. LEIPOLD. Did you not think that the security given for the other three thousand dollar loan of Lobsiger's was sufficient to cover that?

Mr. STICKNEY. I think not; for I think that had already been advanced. That seems to be my impression, from the explanation that was given at that time.

By Mr. CAMERON:

Q. There is still a balance due, on loan No. 1337, made to Mr. Lobsiger, under date of January 7, 1874; the loan was for $2,300, and the balance due is $1,437. The books show that the security was held by George W. Stickney—"G. W. S.," it reads. What was the security, if there was any, and what does that memorandum mean?—A. I do not know anything about that; I will have to look that up before I can answer.

Q. Do you know whether you have any security in your possession for that?—A. I do not; I do not remember ever having had any.

Q. Well, there is such an entry here, and I wish you would look it up.—A. I only know that I did pay seven or eight hundred dollars myself on Lobsiger's notes, and took them up.

Q. What relation existed between you and Lobsiger?—A. None whatever.

Q. What was his business at the time?—A. He was a builder at the time.

Q. You had no interest in these loans?—A. I had no interest in them whatever.

Q. Nor in his business?—A. No, sir; nor in anybody's business that ever got any money from the bank.

THE LOAN TO L. DEAN.

Q. Now there is another loan to which I want to call your attention—one made December 30, 1870, and numbered 180—made to L. Dean for $1,750. The books show that you assumed one-half of this loan?—A. Yes, sir; and I paid it.

Q. And it was considered to belong to you, and payment on it was to be made in your name?—A. Yes, sir; and I did pay it; I think the books show that the half of it that I assumed was paid by me in a very short time.

Q. How did it happen that you assumed so many of these claims?—A. That makes only two—the only two that I did assume. I took one

house of Mr. Dean as security in trade; and I paid that half in a very short time—in two or three months, I think.

Q. It is said that the commissioners have a letter from you in regard to this Dean loan, in which you deny that you made such an arrangement about this loan. Do you remember anything about it?—A. No, sir; I do not. I do not think that is the loan.

Q. You think the letter had reference to some other loan?—A. Very likely, sir.

Mr. LEIPOLD. Mr. Dean, besides that loan, is indebted to the bank for an overdraft of more than a thousand dollars. In our effort to get him to pay that overdraft, he wrote to us that he had deposited certain security with Mr. Stickney, part of which was to be used in the payment of the $1,750 loan, and part of which was to be used in payment of this overdraft. After I received that letter I wrote to Mr. Stickney about it——

(Mr. STICKNEY. Yes, sir.)

Mr. LEIPOLD. And Mr. Dean also claimed that Mr. Stickney had assumed payment of the balance due, and would attend to it. I wrote to Mr. Stickney about the matter, mentioning certain cases, and among them the Dean loan, the payment of which he had assumed. He wrote back, saying that he had not undertaken to assume the payment of the Dean note; and also mentioned another.

Mr. STICKNEY. It was not about that one, because the books will show that that was paid a short time afterward. My remembrance is that I took the house of Mr. Dean, and assumed the notes that came due monthly and turned them in. They were collected, and I paid the whole note.

Mr. LEIPOLD. You mean your part of it; some of it is not yet paid.

Mr. STICKNEY. I do not know anything about that half of it. The memorandum shows that one-half of it was assumed by Mr. Stickney, and he paid it.

Q. Do you remember when the bank was closed, by order of the trustees?—A. On the 29th of June, 1874.

Q. Were you the actuary up to that date?—A. Yes, sir.

THE JUAN BOYLE LOAN.

Q. Now, it appears from the books of the bank, that under date of June 30, 1874, two loans were made to Juan Boyle, one of twenty-nine thousand dollars, and one of $4,366.66. If these loans were actually made, why were they made after the bank closed?—A. We were engaged at that date in fixing up matters that had been running along for some time. The notes were dated May 6.

Q. Well, what is your explanation of it then?—A. I cannot say more than I did at the time I was examined before; at the time I was before the Douglas committee I gave a complete statement of that case.

Q. Well, you can give it now in brief, can you not?—A. Yes, sir.

Q. Was it in fixing up the old indebtedness that this occurred?—A. Yes, sir; we were fixing up old matters; Mr. Boyle was employed in matters of the bank. I did not employ him; the president did. I supposed at the time that I had good security for these loans. All I can say is, that if I were put in the same place again, and knew what I did then, I should do the same thing. I would not do it with the experience that I have had since. I was trying to do what I could to raise money to get the bank through.

Q. Did you try to raise money after the bank closed?—A. No, sir.

You see this is dated May 6th. All along through April and the first of May, the whole transaction occurred. I was very busy, working day and night, and the thing was not entered up until that time.

Q. Then your explanation of the reason why the Juan Boyle loans were made before the bank closed, but were not entered on the books until afterwards, is that you were busy fixing up the old matters of the bank?—A. Yes, sir.

Q. How did it happen that you entered it as a loan made at that time?—A. Because I entered it on the books of the bank of that date.

Q. The books, then, ought to show the real transaction?—A. The notes will show the date on which they were given, and that was the date of the transaction. It was a matter that we wanted to straighten out to show where we were, and these matters were simply lying on my desk. I did not have time to enter them at the time; we entered them in afterwards.

Q. Who made the settlement with Boyle, you or the finance committee?—A. I did.

Q. Upon your own responsibility?—A. Yes, sir.

Q. Was or was it not submitted to the finance committee?—A. I do not think it was submitted to them. The finance committee had meetings all along, and the committee told me to do my best to get the bank through, and that was what I was trying to do.

Q. Then you show that Boyle was indebted to the bank, and you took such securities as you could get, and some of them were notes that were overdue?—A. Yes, sir.

Q. There is one note of ten thousand dollars that you took; it seems to have been five months overdue at that time. That was one of the collaterals, as I understand it?—A. That was a second deed of trust on some property on Pennsylvania avenue.

Mr. LEIPOLD. That was an indorsed note. The note was not protested, and not filed in the bank until after its maturity.

Mr. STICKNEY. Yes, sir; I believe that that is the case.

Mr. LEIPOLD. The note is indorsed by the president and board of directors of the Georgetown College.

By Mr. CAMERON:

Q. On what security or securities was the loan to Boyle made in the first place? Can you state whether in fixing it up you were able only to get a second deed of trust on some real estate?—A. If I had the books here I could give you the whole transaction, but I do not remember now.

Q. Well, is it your recollection that you retained all these securities and took additional securities; is that it?—A. There were a good many transactions at that time, and some of the securities we gave up to Mr. Boyle and only took a part in cash. I took these securities to make up the balance.

Q. What was Boyle's business at that time?—A. He was a real estate broker.

Q. Did or did you not employ him for the purpose of raising money to aid the bank?—A. Mr. Alvord employed him first, and afterwards I continued to do it, more or less.

Q. Well, is not this the fact, that you, or Alvord, or somebody else connected with the bank, placed good securities in Boyle's hands for the purpose of raising money on them, and that he took these securities and raised money on them, and did not pay the money over to the bank; and, finally, when he came to settle with the bank you took his

note and these securities, which turned out to be worthless, in payment of what he owed the bank arising out of that transaction?—A. I would not like to say that that is true exactly. I would like to examine the books to see exactly whether that is so; after I have seen the books then I can give you an explanation that would be more satisfactory, at least, to myself.

Mr. CAMERON. You had better do that.

Mr. LEIPOLD. You remember, Mr. Stickney, that the notes that were given by Mr. Boyle, and entered on the books of the bank as of June 30, 1874, balance certain notes of Juan Boyle's?

Mr. STICKNEY. Yes, sir.

Mr. LEIPOLD. Also the note of Dr. Groot?

Mr. STICKNEY. Yes, sir.

Mr. LEIPOLD. Also the note of Mrs. Van Wyck?

Mr. STICKNEY. Yes, sir.

Mr. LEIPOLD. The Boyle notes were given to pay these notes. How did Mr. Boyle get hold of these notes?

Mr. STICKNEY. As I said, I want to examine these records, then I will be able to give you the whole thing from beginning to end; I could not do it without.

THE ROBERT I. FLEMING LOANS.

Q. How is it in regard to the loans made to Robert I. Fleming?—A. Fleming's loans were made to fix up some old matters that were held in the bank at the time I was made actuary. We made no new loans to Mr. Fleming after that time that I remember.

Q. What was Vandenburgh's business?—A. He was a contractor of the board of public works.

Q. What was Fleming's business?—A. He was a builder.

THE J. V. W. VANDENBURGH LOANS.

By Mr. CAMERON:

Q. A good deal has been said about loans made to J. V. W. Vandenburgh. It would seem that the loans were to a large amount, some on securities and in some cases without securities, and in some cases on very insufficient securities. Will you give the committee whatever explanation you are able to give in regard to these Vandenburgh loans?—A. Mr. Vandenburgh and the Abbott Paving Company had a great many loans at the bank, and when they were made we supposed that we had sufficient security, but the security went down in price and left the bank without sufficient security. For instance, some were certificates of the board of public works, that were never less than ninety cents on the dollar until after September, 1873; then they went down to forty-five and fifty cents, and we had to settle at the rate of about sixty-five cents on the dollar. That was all that the securities were then worth.

By Mr. WITHERS:

Q. I understood you to say that these loans to Vandenburgh were made very frequently, and by you as actuary, without reference to the board of trustees or to the finance committee?—A. Yes, sir; and almost every time referred to the finance committee.

Q. I think that some of the members of the finance committee who have testified here stated that they did not act upon these loans?—A. Well, the minutes of the committee will show.

Q. I see here one or two loans in small sums—one of eighty-five dollars, one of eighty-one dollars, and another of fifty-four dollars; making two hundred and twenty dollars in all. What were these loans?—A. These were consolidations of old loans put into one note on the first of December, 1872, I think, or 1873. After that date there were very few loans made to Vandenburgh.

Q. After 1872 or 1873?—A. Yes, sir.

Q. These large notes which subsequently appear were then merely old loans consolidated?—A. Yes, sir; the old loans consolidated. I tried in the last of 1872 or in 1873 to get the treasurer of the board of public works to pay the amount we held. He always promised to do so, but we never could get but twenty-two thousand dollars. They always promised to pay the whole, but they never did, and we never got any more money.

Q. I want to call your attention to the testimony of Dr. C. B. Purvis, given before the Douglas committee. He was asked:

Q. Was there not another loan made on the representations of Mr. Alexander R. Shepherd?

(Referring to these Vandenburgh loans, and his answer is):

A. It appears in the report of the commissioners that Mr. Vandenburgh owes a large amount. These loans never came directly before the board of trustees, or, at least, a very few of them did. The actuary, in reading his report to the board, would say, "City securities (naming the class), so much invested." Some members of the finance committee, including Moses Kelly, the sinking-fund commissioner, were very earnest in the defense of these securities, and Mr. Kelly invested largely in that kind of security for his own bank (the National Bank of the Metropolis). I was very much opposed to it, as I was opposed to everything connected with the board of public works. Stickney staid at my house, and, talking with me one day, he said that he had never done a wrong thing in the bank except letting Vandenburgh have a large sum of money one night. I asked him how much. I think he said $30,000. That perfectly astonished me, so I "went into" him, and questioned him very closely, thinking I would have occasion to recollect it and use it. He said that Vandenburgh came to him wanting some money to pay off his hands that night, and that Shepherd said, "Vandenburgh's accounts are approved, but look what a crowd. (This was on Saturday night.) I will pay you on Monday if you let him have the money." Stickney said that he would let him have the money, and he did let him have it. Afterward he went day after day to see Mr. Shepherd and could not see him. When he did see him, Shepherd was more forcible than polite, and told him that he was in a damned hurry to get that money. Subsequently Shepherd said to him, "If you do business in that kind of a loose way, you are a damned fool;" and that time he told the truth. This is what Mr. Stickney says about the matter, and I presume he is to be believed on that point.

Mr. CAMERON. That is what Dr. Purvis says, and I presume he is to be believed on that point.

Mr. STICKNEY. He is not to be believed if he ever said that.

Q. It is a fact, is it not, that you let Mr. Vandenburgh have the money in that way?—A. No, sir; I never let him have any such sum at any one time, or in that way.

Q. Did you ever let him have money?—A. Never any sum in that way; and I don't know where Dr. Purvis got that, I am sure, for I don't remember; and in my testimony before the Douglas committee I said that I didn't remember ever telling Dr. Purvis any such story as that. The only thing that can be made out of it is that I was away from here, and Mr. Shepherd and Governor Cooke, I think, came to the bank, and Mr. Alvord let them have fifty thousand dollars on a thirty-thousand-dollar certificate of the board of public works, and a check of the treasurer for twenty thousand dollars on the First National Bank. The funds were not there, but were to be put there, and it took me four or five months to get that fifty thousand dollars back; but so far as

Mr. Vandenburgh was concerned, I never let him have a cent in that way.

THE R. P. DODGE LOAN.

Q. Do you know one R. P. Dodge?—A. Yes, sir.

Q. There appears to have been a loan of $13,786.50 made to him. Do you remember anything about that loan?—A. I remember that such a loan was made by the bank in the last of 1870, or the first of 1871.

Q. Was it not January 24, 1870?—A. It may have been. My remembrance is that Mr. Huntington, who was one of the finance committee, got the bank to carry that loan for Mr. Dodge; that was the understanding. And he was to pay six per cent. interest on it. He said that he could take it up any time he wanted to; that he was living in Mr. Dodge's house, and if he got it carried for six per cent. it would make a less rent for him than the rent of the house. It was carried that way, and as long as Mr. Huntington lived the interest was paid. After his death I went to Mr. Dodge to get him to reduce or pay the notes. He said, "I have nothing to do with that. That was Mr. Huntington's;" and I filled out a deed to Mr. Huntington. That deed was effected to give to Mr. Huntington. He said he wanted to go to Russia, and did not want it fixed till he came back. I did not know whom he wanted to deed it to.

Q. Was the application for the loan submitted to the finance committee and approved by them?—A. I do not know, I am sure; it was before I was actuary. I do not think it was, though I am not sure.

Q. You say Mr. Huntington was a trustee?—A. Yes, sir; and one of the finance committee; and he was in the habit when he wanted anything to get it. If he wanted to have anything done, it was done.

Q. It seems, Mr. Stickney, from the exhibit of the expert of this committee, that there never was any interest paid on these Dodge loans?

Mr. LEIPOLD. No interest was paid after their transfer to the Freedman's Bank. You knew they were overdue when they were transferred to the Bank. The interest had been previously paid when they were held by the First National Bank.

Q. The amount of the loan includes the face of the note and interest for one year?—A. Yes, sir; that is, up to January 19, 1870.

Q. Now, were, or were not, the notes overdue when they were transferred to the Freedman's Bank?—A. They were just due, either the day before they were transferred or the day after.

Q. Do you remember, as a matter of fact, whether there were any indorsers on these notes?—A. They were drawn to somebody's order, but I don't remember who it was.

Q. Do you remember whether they had ever been protested?—A. No, sir.

Q. So that no indorser, if there were any, was held upon the notes?—A. No, sir.

Q. Then it is your recollection, is it, that the loan was made because it was applied for by Mr. Huntington, and that it was made without being at least formally passed upon by the finance committee?—A. I do not think it ever was. It gives here, in tabulated form, a list of loans made under section 6th of the charter, that would be "Available Fund Loans"; but it does not appear in that list at all.

Q. Quite a large number of notes appear on the collection registry in your name. Now, I want to know whether these loans were loans

made by you—your own money—or whether it was the business of the bank?—A. There was nothing on the collection list that was not my own private notes.

Q. Well, were you engaged in loaning your own money at that time?—A. No, sir; I was not; but I had property, and sometimes sold it myself and put these notes in there for collection.

Q. Did you, or not, loan any of the funds of the bank in your own name?—A. I never loaned one cent in that way.

ACTUARY'S NAME ON THE DEEDS OF TRUST.

Q. I asked you before how it happened that you and Mr. Eaton were named as trustees in most of the real-estate loans made by the bank where the security was a deed of trust?—A. I do not know that there was any particular reason for it. The deeds of trust were made out and our names were printed in.

Q. By whose authority were they printed in these deeds of trust?—A. They were submitted to the board of trustees.

By Mr. WITHERS:

Q. Your names were authorized to be placed upon these deeds of trust?—A. Yes, sir; everybody knew it; it was by the authority of the finance committee, given to us.

Q. In these cases did you receive the usual fees paid to trustees?—A. No, sir; I received no fees. I may in some cases have received fees, but I do not remember.

Q. In the event of a sale or foreclosure of the property, or whatever you call it, who would receive the fees?—A. Nobody. I would say that I did receive fees if the property brought more than enough to pay the indebtedness to the bank; but if it did not bring enough to do this, I did not receive any fee that I remember.

Q. You charged no commission fee, then, unless the property sold for more than the amount of indebtedness?—A. No, sir; I do not remember receiving any fees.

OVERDRAFTS IN THE ACTUARY'S ACCOUNT.

By Mr. CAMERON:

Q. There are quite a number of overdrafts appearing upon the books of the bank, and it seems that some of them had run for a considerable time. Can you explain how it happened that these overdrafts were allowed?—A. Well, it would make some difference as to who were allowed them. Most of them, I believe, were errors in bookkeeping; some few were allowed.

Q. Do you remember the names of those who were allowed to overdraw, and to what amounts?—A. I think that most of those that were allowed were settled up; there was one on the Vandenburgh account, I believe, that was allowed. There may have been three or four others, but I don't remember their names now.

Q. There was, I believe, a Washington branch bank?—A. Yes, sir; there was.

Q. You were the actuary of the whole concern, were you not?—A. Yes, sir; I was.

Q. Who was the cashier of the Washington branch?—A. William J. Wilson was cashier and paying teller part of the time; Thomas Boston was also paying teller, and the last two years, I think, Mr. C. A. Fleetwood was.

Q. Was it your custom to balance the cash account in the Washington branch?—A. I used to try do so every Saturday night.

Q. How did you succeed?—A. Sometimes I succeeded and sometimes not. When Mr. Wilson was cashier it was pretty hard work to verify his accounts. After Mr. Fleetwood came as paying teller the cash account was generally kept very straight.

Q. Well, during Mr. Wilson's term of office, or at any other time, when the cash was short, upon your attempt to verify what was done, did the cashier make it good or did he charge it to profit and loss?—A. He charged it to profit and loss, I think.

Q. What amount was charged in that way; was it considerable or not?—A. I think there were very few cases and that the amounts were not large. Mr. Wilson used to have the faculty of being "over" more than "short" [laughing].

Mr. CAMERON. Well, that was better.

Mr. STICKNEY. But they generally turned up. A good deal of the time when the account was "over," I took the money out and put it in an envelope till I found the error, and then would replace the money.

By Mr. WITHERS:

Q. Until you found there was an error in the bookkeeping?—A. Yes; the error would generally turn up in a short time.

By Mr. CAMERON:

Q. Now, the books show that on the 11th of July, 1874, some days after the bank had been closed by vote of the trustees, you drew from the bank $7,823.74, and on the 10th of July twenty-seven hundred dollars?—A. I? (smiling).

Q. Yes; the books show that; that is what I am speaking of. State whether it was a fact that you drew these sums. If not, how do these entries happen to be made in the book?—A. I don't remember any such thing as that. That is not on private account, is it? If you will give me the dates and items I may be able to recall something about it. I remember one, I think, of forty-five hundred dollars that I drew. That was a special deposit. I had traded for a house before that, and there was a loan on it of four thousand dollars. I borrowed of the Massachusetts Mutual Life Insurance Company forty-five hundred dollars, and I could not take up the first note for a while, and the agent who had charge of it turned over the money to me without having it released, and I deposited it in the bank, and the bank used it.

Q. It ought to appear on the books of the bank that you made it as a "special deposit," ought it not?—A. Well, all deposits made after a certain date were made "special."

Mr. CRESWELL. Yes; after the bank closed.

Mr. STICKNEY. It was after the act of Congress of June 20 that all deposits made thereafter should be "special deposits."

By the CHAIRMAN:

Q. What was the exact date?—A. The 20th of June, 1874.

By Mr. CAMERON:

Q. The act of Congress approved June 20, 1874, in section eight, provides (reading):

That from and after the passage of this act and until the first day of July, eighteen hundred and seventy-five, all the deposits made in said Trust Company shall be held by the trustees of said company as special deposits, and any investments made of said deposits shall be made and held for the use and benefit of said depositors only; and it shall be the duty of said trustees on or before the first day of July, eighteen hundred and seventy-five, to make a full and complete statement of all the assets and liabili-

ties of said company and lay the same before the Secretary of the Treasury, and if said Secretary and the trustees shall at that time after investigating the condition of said company believe the same to be solvent then the trustees and said Secretary shall issue an order declaring that thereafter all deposits shall be general; but said order shall in nowise affect the special deposits, unless said depositors shall in writing consent that said special deposits shall become general deposits. But if the Secretary and trustees of said company shall on the first day of July, eighteen hundred and seventy-five, after the examination aforesaid doubt the propriety of making the deposits thereafter general then the deposits made shall still be special until the first day of July, eighteen hundred and seventy-six, or until the said Secretary and trustees deem it prudent to make said deposits general.

Mr. STICKNEY. That was the way I came by the money. I simply put it there so that the bank could use it; and the other amounts were my accounts as trustee and actuary, and any amounts drawn out in that way were applied on loans by the bank. No money was taken out. The trustees in settling up deposited to my account as trustee in the books, and checked out the amounts for expenses, and whatever was due the bank, and for whatever sums were due the bank I gave a check, and transferred them from the branch to the principal office.

Q. Well, the experts will look and see when these deposits were made, and if we find that you did not make that amount of deposit at the time you drew them out, then we may want a further explanation.

THE OVERDRAFT BY R. W. TOMPKINS.

Q. Who was R. W. Tompkins?—A. He was a bookkeeper in the bank for a while.

Q. It seems that he drew one thousand dollars on the 11th of July, 1874. Do you know anything about that?—A. Yes, sir.

Q. What are the facts in regard to that?—A. The facts of that case are, that Mr. Tompkins was away and telegraphed or wrote to Mr. Fleetwood that he was short of money, and as there was some trouble in the bank, I said that if Mr. Tompkins would let that amount stay there, I would see that he should get his money. It was money, as I supposed, that was deposited there. I have examined his account since, and find from the bookkeeper's statement that it was short.

Q. Upon examining Tompkins's account, it seems there is an overdraft of about thirteen hundred dollars?—A. I know nothing about that.

Q. Can you give no explanation of that whatever?—A. I cannot; no, sir.

Q. What position did Tompkins hold in the bank?—A. He was bookkeeper for a while, and in the fall of 1873, and in the spring of 1874, was acting cashier at one of the branches—I forget which one.

Q. When this thousand dollars was drawn by him you did not know, as a matter of fact, that his account was overdrawn?—A. No, sir. The ledger showed that there was that to his credit; he had a balance there of one or two hundred dollars left after the thousand dollars was drawn out. He said that the thousand dollars belonged to somebody else, and he wanted to protect it. I said to him that I would protect him in that, and he should have the money and it should not be locked up.

THE MISSING PAGE FROM THE LEDGER.

Q. It appears that a page of the ledger containing a part of Tompkins's account is missing; it seems to have been torn out. Do you know anything about that?—A. No, sir. I knew nothing about it until Mr. Deipold called my attention to it a month or so ago.

Q. Tompkins, being bookkeeper, posted his own account, did he?—A. Yes, sir.

Q. Was it his duty to do so? Did no one examine the account to see whether it was correct or not?—A. Well, the understanding or rule was that they should post from the deposit slips and checks to the ledger, and then to the journals, and back from the ledgers to the journals, to show that all the entries were made correctly.

Q. How many bookkeepers were there?—A. Two.

Q. Who were they?—A. Mr. Augusta and Mr. Tompkins.

Q. So that Tompkins could not make false entries in his account without the fact being known by his associate bookkeeper?—A. Well, he might, if his associate called it back; that is, this appears to have been done. I do not know anything about it more than the appearance. Mr. Tompkins posted one hundred and fifty or two hundred dollars to his account without its going to the ledger. He could post that, and, in calling off to the ledger from the journals, it would not show; he could simply check it, and it would appear as a check.

Q. Where is Mr. Tompkins now?—A. In the collector's office, City Hall. He came to my house to see me one night and said he could not make any explanation, only he thought that there were some collections there that should have gone to his credit. I knew nothing until Mr. Leipold said that he had examined the collection registry and all had gone to his credit that should go there.

By Mr. WITHERS:

Q. If I understand you, Mr. Stickney, Tompkins telegraphed after he left the service of the bank?—A. It was when he was still in the service of the bank, after he had left Washington to take charge of a branch in the South.

Mr. LEIPOLD. It was the Charleston branch.

Mr. STICKNEY. No, I think not. It is immaterial what branch.

Q. What was the time when this telegram was sent?—A. I think it was after the report was made to Congress. I think that the report was made April 25, 1874. We had a run on the bank and he telegraphed right away after that.

Q. At what time was the bank closed by order of the trustees?—A. On the 29th of June.

Q. On the 29th of June, 1874?—A. Yes, sir.

Q. And subsequent to that time this money was drawn by you for Tompkins?—A. Yes, sir.

Q. Did you consider that after the bank was closed by the trustees you had a right to draw the money?—A. I thought I had, after I had promised Mr. Tompkins that I would protect him; or if I did not say that, I said that I would see him protected.

Q. I want to know whether you conceived it to be within the purview of your powers to draw out money after the official closing of the bank by the trustees?—A. And, furthermore, I am not sure but I turned over to Mr. Fleetwood some security for that thousand dollars in some way, and that this security was returned and the thousand dollars was paid; that is my remembrance of it.

By Mr. CAMERON:

Q. Well, were you assistant actuary, or actuary, at that time?—A. I was actuary.

Q. Did the bank do a discount business?—A. It did; but a very small one.

Q. Well, did you understand that it was authorized by the charter to

do a discount business?—A. That was a decision of the finance committee—that it was authorized, under the "available fund" act.

THE AVAILABLE FUND MATTER.

Q. What was this "available fund" business?—A. It turned out to be very unavailable (laughing). It allowed that one-third of the amount of the deposits should be invested by the trustees in an "available fund."

Q. Yes; exactly.—A. That was the decision of the finance committee—that they had the authority to do that.

Q. The bank discounted a good many pay-vouchers—government vouchers and vouchers of the District of Columbia, belonging to the clerks and employés of the government and of the District, did it not?—A. Yes, sir.

Q. That was out of this "available fund," was it?—A. Yes, sir.

Q. Can you state what rate was usually charged, or whether there was a uniform rate for discounting these pay-vouchers?—A. I think that in the District vouchers they used to charge one per cent. per month; and for the clerks in the department I think it was generally one or two per cent.—I forget now which—two per cent. I think it was for a while.

Q. About how much of that kind of paper remained in the bank at the time of the failure?—A. About a thousand dollars or so of the clerks' vouchers.

By Mr. WITHERS:

Q. What was done with that amount? Was it collected or charged up to profit or loss? What became of it?—A. Mr. Leipold can answer that.

Q. It was not charged to profit and loss at the time of your official connection with the bank?—A. I took them out of profit and loss, and I had them charged into another account after it was paid. I wanted to get rid of that and to secure it; there was considerable of it—some five or six hundred dollars I think it was—and I think some of that has been paid since.

THE HELEN M. B. UPSON AND LAURA BARNARD ACCOUNTS.

Q. On the same day there are two charges, one against Helen M. B. Upson of $295, and another against Laura Barnard of $322; were not these two purchases made to offset the loss on the pay-vouchers?—A. I think most of these vouchers have been paid since. I took them out and left them in an envelope to be collected.

Q. Is it not a fact that the bank held these two notes for Upson and Barnard for fourteen hundred dollars each, which had been discounted, and were not the two sums of $295 and $322 charged against them, thus making it appear that $1,695 and $1,722, respectively, had been loaned?—A. Yes, sir.

Q. Well, now, was that a real and correct entry; had these amounts been loaned?—A. The loan account shows this. I charged that up and took out the pay-vouchers in the envelope to be collected, and put it to profit and loss.

THE LOAN TO A. C. BRADLEY.

Q. There was a large loan made to A. C. Bradley on the 19th of June, 1873, amounting to $18,500?—A. Yes, sir.

Q. What do you know about that loan?—A. That was not a loan. The original amount was $17,500.

Mr. LEIPOLD. Fifteen hundred dollars was paid in cash.

Mr. STICKNEY. It was not a loan.

By Mr. WITHERS:

Q. What was that transaction?—A. The transaction was that we made a loan on the property of T. McGhan, 915 E street, of ten thousand dollars. That was sold out. They did not pay any interest on the loan. The property was sold by D. L. Eaton, who was trustee under that loan. It was bought by the bank, and the deed was given by the trustees to the bank, and the bank became owner of the property; and then we fixed it up, spending twenty-five hundred dollars in repairs on the property to put it in salable condition. We sold the property for eighteen thousand five hundred dollars to Bradley, who gave fifteen hundred dollars in cash and his notes for the balance.

Q. That was the transaction?—A. Yes, sir; that was the transaction.

THE LOAN TO S. TAYLOR SUIT.

Q. There was a loan of twenty-five thousand dollars made to S. Taylor Suit that had not been collected when the bank suspended. Why was not that loan forced to a settlement before that time?—A. Well, the interest had been paid promply on that loan.

Q. What was the security on the loan?—A. Some four hundred acres of land in Prince George's County, Maryland, together with Mr. Suit's house, &c. We supposed it to be ample security. I knew that if we should make an effort to force the loan, and sell the property to get the cash, that it would not bring the amount of the loan, and if Mr. Suit kept his interest up promptly, I thought that we would let it rest.

Q. That loan, I believe, has not been paid?—A. The property has been sold. In the mean time the house burned down, and there was no insurance in the bank for it.

Mr. WITHERS. No insurance? Did not the bank effect an insurance on the property?—A. There was no insurance on the buildings. When the property was sold it was bought in by the commissioners, and they have since sold it.

Q. Well, did you think that the land, aside from the buildings, was security for this large amount?—A. No, sir.

Q. How did it happen that they did not take an insurance policy as collateral?—A. I supposed that that was done.

Q. Well, the policy ought to have been taken out and transferred to the bank?—A. We thought it was so transferred. I did not make the loan at the time. I thought the loan clerk ought to have kept it up.

THE D. A. CONNOLLY LOAN.

Q. There was a loan of five thousand dollars made to D. A. Connolly?—A. Yes, sir.

Q. It does not appear that there was any security given in that case?—A. The security given was a power of attorney to me to collect what was due Mr. Connolly at the board of public works, and I collected $5,568 in certificates of the board of public works. At the time the order was given that would have been ample security, but in the mean-

time the board had stopped paying cash and we had to take eight per cent. certificates and sell them, I think, at seventy-four and seventy-five cents on the dollar. The amount indorsed on the Connolly notes was some forty-three or forty-four hundred dollars, leaving a balance of five or six hundred dollars due, besides the interest unpaid.

THE AMERICAN SEAL-LOCK COMPANY.

Q. The stock of a company called the American Seal-Lock Company was taken by the bank as collateral in a number of cases. Were any of the trustees or members of the finance committee, or officers or employés of the bank, officers or stockholders in that company?—A. None that I know of, unless Mr. Huntington was. That loan was taken, I think, on his recommendation, and at the time the stock was worth seventy-five cents on the dollar; at least it was so stated by Lewis Johnson & Co. That loan was first made, I think, in 1870 or 1871, and I think in 1872 or 1873 I was ordered to collect it if possible, and found that I could not, so I reported to the board, and a five thousand dollar note was made, with a year's interest added to it, making it fifty-five hundred dollars.

Q. Did you have an account with the Washington branch?—A. Yes, sir; I did.

Q. Have you the pass-book?—A. I have not; no, sir.

Q. You had one at the time, of course; what became of it?—A. I do not know whether I kept it or not.

Q. I wish you would look and see. It appears that your account is overdrawn, and the expert wants to verify it by your pass-book, and will do so if you will hand it to him.—A. I do not know whether I have it or not; I thought my account was closed out squarely, and I do not know whether I kept it or not.

Q. What was the amount?

Mr. FITZPATRICK [the expert]. Our examination of the books shows an overdraft in your account.

By Mr. CAMERON:

Q. Did you want to give any further explanation of any of your transactions with the bank, or for the bank?—A. No, sir; except the Boyle matter, and one or two others.

THE KILBOURN & EVANS MATTER.

Mr. CRESWELL. Mr. Stickney, you said that for the twenty thousand dollars first-mortgage bonds that the bank held at the time of the substitution of the Evans & Kilbourn note the company received nothing except sixteen thousand dollars of second-mortgage bonds?

Mr. STICKNEY. I said after the agreement was made and was carried out, that was the practical result.

Mr. CRESWELL. Now can you tell us the difference in value between the sixteen thousand dollars second-mortgage bonds and the twenty thousand dollar first-mortgage bonds?

Mr. STICKNEY. What was the time?

Mr. CRESWELL. It was the 30th of December, 1871.

Mr. STICKNEY. At that time I did not think the second-mortgage bonds really had any value; they had no market value at all.

Mr. CRESWELL. Had the first-mortgage bonds?

Mr. STICKNEY. I think they were worth about seventy-five. They were considered to be worth par by the parties, but there were really none on the market, so that you could not tell what they were worth.

Mr. CRESWELL. That would make the difference fifteen thousand dollars, would it not?

Mr. STICKNEY. Yes, sir.

Mr. CRESWELL. Who got the benefit of that?

Mr. STICKNEY. The Seneca Sandstone Company, I think—not Kilbourn & Evans. I do not think Kilbourn & Evans had any interest in it whatever. I never knew that they held stocks or bonds of that company.

Mr. CRESWELL. What consideration did the Seneca Sandstone Company give for the surrender of those first-mortgage twenty thousand dollar bonds?

Mr. STICKNEY. To the bank, do you mean?

Mr. CRESWELL. Yes, sir.

Mr. STICKNEY. I do not know. I know that the only thing the bank got was $1,785 in cash; the difference between fifty thousand dollars and the amount of indebtedness to the bank was paid by check on the First National Bank for $1,785, by the treasurer of the Seneca Company, Mr. C. W. Hayden.

Mr. CRESWELL. Well, that was simply paying the interest on the loan?

Mr. STICKNEY. Yes, sir.

Mr. CRESWELL. Then there was a clear loss to the bank of fifteen thousand dollars, less the amount of interest which they received in the bank, which would make the total loss over thirteen thousand dollars?

Mr. STICKNEY. Yes, sir; I suppose that these bonds were not worth more than fifty cents on the dollar, if that.

Mr. CRESWELL. Do you know the amount of these first mortgage bonds?

Mr. STICKNEY. I think it was one hundred thousand dollars.

Mr. CRESWELL. Do you know the amount of the second-mortgage bonds?

Mr. STICKNEY. I think it was one hundred thousand dollars, or it may have been ninety-five thousand.

Mr. CRESWELL. Were these seventy-five thousand dollars second-mortgage bonds kept in possession of the company or the actuary?

Mr. STICKNEY. They were turned in with the securities that were in possession of the bank.

Mr. CRESWELL. At the time?

Mr. STICKNEY. Yes, sir.

Mr. CRESWELL. From what source did the sixteen thousand dollars second-mortgage bonds come?

Mr. STICKNEY. I do not know.

Mr. CRESWELL. Were they furnished by Mr. Huntington?

Mr. STICKNEY. I do not know where they came from.

Mr. CRESWELL. Did you have a conversation with Mr. Cooke, Mr. Huntington, or Mr. Eaton about that transaction?

Mr. STICKNEY. I had no transaction with Kilbourn; and when it was first made, the matter was not mentioned by Mr. Eaton.

Mr. CRESWELL. How about Mr. Huntington or Mr. Cooke?

Mr. STICKNEY. Mr. Huntington was dead. Mr. Cooke said he knew nothing about it, that he was making arrangements, and that the whole thing should be taken up and paid; and that is the reason that Kilbourn & Evans' note ran for nearly a year before it was given up.

Mr. CRESWELL. When did you first know of the existence of that note of Kilbourn & Evans?

Mr. STICKNEY. I think it was about the first of 1873. I know it was

a short time before Colonel Eaton died; I think in the middle of February, 1873.

Mr. CRESWELL. Did you not know of the existence of the note?

Mr. STICKNEY. The note?

Mr. CRESWELL. Yes, sir; the note of Kilbourn & Evans was always in the bank with all the securities. When did you first know of it?

Mr. STICKNEY. On January 7th or 9th of that year it was brought into the bank and entered on the bank's books.

Mr. CRESWELL. And filed with the loans?

Mr. STICKNEY. Yes; that was the first time that I knew of this agreement to deliver up the security.

Mr. CRESWELL. Was this agreement made in the ordinary course of the bank's operations?

Mr. STICKNEY. No, sir; it was a private agreement.

Mr. CRESWELL. When was the agreement filed?

Mr. STICKNEY. The first I knew of it was when Kilbourn & Evans demanded the note under the agreement. Mr. Kilbourn called at the office and showed me the agreement and asked for the note. I knew nothing about it. I told him I had never heard of it before.

By Mr. WITHERS:

Q. Mr. Eaton never mentioned it to you?—A. No, sir.

STATEMENT OF MR. CRESWELL, COMMISSIONER, AS TO THE SENECA STONE COMPANY.

Mr. CRESWELL. I have a letter prepared in reference to this matter, which I desired to offer at the last meeting of this committee. I would like to read it now.

The CHAIRMAN. Certainly, Mr. Creswell.

[The letter is as follows:]

WASHINGTON, D. C., *January* 22, 1880.

MY DEAR SIR: When my attention was first called to the letter of Mr. Leipold, bearing date July 21, 1876, and of which a copy was presented to your committee on Tuesday last, I gave the subject-matter thereof my best thought and consideration, and deliberately came to the conclusion that it would be a waste of the funds of the depositors to expend them in prosecuting legal proceedings against the trustees or the finance committee for the recovery of the unpaid loans which it is charged they improvidently made to the Maryland Freestone Mining & Manufacturing Company, commonly called the Seneca Stone Company. Cooke had long been a bankrupt, and the other principal actors, to wit, Eaton, Huntington, and Kennedy, were all dead, having left but little, if any, estate behind them. The note and collaterals of Evans & Kilbourn had been voluntarily surrendered, by order of the board of trustees, on the 15th of November, 1873, after a spec'al investigation and report by their finance committee. There were, in fact, no solvent survivors of those who had been personally concerned either in making the original loans or in substituting the note of Evans & Kilbourn therefor, except Tuttle & Clephane; and all that they were charged with doing improperly was their approval of the agreement of January 30, 1871, which, by the surrender above mentioned, the trustees had virtually ratified, so far as Evans & Kilbourn were concerned, and which, according to the sworn statements of Tuttle & Clephane, they had both signed without knowledge of its contents, and only upon their implicit faith in the assurances of Cooke and Huntington and Eaton of its correctness. In the face of these facts, I could not avoid the conviction that any litigation we might institute in the expectation of establishing either corruption or gross negligence against the management of the company in respect of these claims, would be protracted, expensive, and altogether fruitless. And so I took no further action on Mr. Leipold's letter after my indorsement thereon of July 26, 1876. Since the meeting of your committee, on Tuesday last, I have very carefully re-examined the whole subject. I have read and considered all the papers and other evidence in the possession of the commissioners in connection with the report of Mr. Douglas's committee, and the testimony adduced before it, and I now unhesitatingly say that I remain unshaken

in my opinion. I believe that any proceeding of the kind suggested by Mr. Leipold would subject the depositors of the company to much useless expense and delay, and would, in the end, prove to be nothing more than (to use a familiar but expressive phrase) "throwing good money after bad." I doubt very much whether a decree for any part of these bad loans could be obtained against the parties now alive; and if such a decree could be obtained, I have still greater doubts whether anything could be realized thereon. In this opinion I am wholly uninfluenced by any disposition to protect the persons implicated. I consider the case from a practical stand-point, without favor or resentment, and with regard only to the best interests of the depositors.

But if a majority of your honorable committee shall entertain a different opinion from mine, as herein expressed, I am willing, upon an intimation from them, to join my colleagues, or either of them, in referring all the questions involved to the competent and efficient counsel of the commissioners, and to abide his recommendations, whatever they may be, with the distinct understanding, however, in case proceedings in the courts shall be resolved upon, that I shall not be held responsible for the consequences if delay and failure ensue, as, on the other hand, I shall certainly claim no credit if a favorable result shall be reached. The lapse of time has not impaired the rights of the commissioners as they stood at the date of Mr. Leipold's note.

I have the honor to be, very respectfully, yours,

JNO. A. J. CRESWELL.

I subscribe to the above as an argument and answer to the communication of Mr. Leipold.

ROBT. PURVIS.

Hon. B. K. BRUCE,
Chairman of the Senate Select Committee
on the Freedman's Savings and Trust Company.

Mr. CRESWELL. This will show to the committee the position that I then took and that I now hold as to the propriety of instituting legal proceedings for the recovery of these lost moneys. Something has been said to the effect that I held that no action would lie against any of the trustees or the finance committee for their acts in relation to the Seneca Sandstone loan. This is incorrect. My position was that we could make nothing by a proceeding of that sort, and that it was unwise to enter upon a protracted and expensive litigation with no prospect of a favorable result.

Adjourned to January 29, 1880.

COMMITTEE ROOM OF THE SENATE SELECT
COMMITTEE ON THE FREEDMAN'S BANK,
Washington, D. C., January 29, 1880.

The Select Committee of the Senate on the Freedman's Savings and Trust Company held their meeting this day in the committee-room of the Senate Committee on Manufactures.

Present, Messrs. B. K. Bruce (chairman), Angus Cameron, A. H. Garland, and J. E. Withers.

TESTIMONY OF GEORGE W. STICKNEY—Continued.

GEORGE W. STICKNEY recalled.

By Mr. CAMERON:

Question. Mr. Stickney, on Saturday last there were two or three matters that you were requested to look up so that you might be able to explain them more fully than you did at that time. One was the Juan Boyle loans. If you have looked that matter up, and are able to give any further explanation, you may do so.

THE JUAN BOYLE LOANS.

Answer. I have looked it over, but am not able to give as full an explanation as I would like. I looked over the books yesterday, but I would like to have further time. I found that the balance was not quite correct, and if the committee will call me again I will try to give that matter in full.

Q. I think the other matter was in regard to your own account with the bank?—A. Yes, sir.

DRAFTS ON THE ACTUARY'S ACCOUNT.

Q. The first was the drawing, I think, on your account on the 11th of July, after the bank had closed. What have you to say with reference to that?—A. I looked that up, but I find no checks on my personal account at all; they were simply collections made by me as actuary—part of them—and one trustee check, I think, and transferred from the Washington branch to a loan that had been made by the bank. The one, for six thousand dollars was on account of a loan to R. I. Fleming. The twenty-seven hundred dollars was the part received from Boyle that was credited on this loan account.

Q. What did you say that this six thousand dollars was?—A. It was money that had been paid in on account of notes to R. I. Fleming, and simply put into the actuary's account till it was settled, and then transferred. I used to do that so as to keep the account myself.

Q. Was it actually drawn out?—A. No, it was simply transferred from the Washington branch to the principal office. The Washington branch was separate from the principal office. It would seem as if the money was deposited in the branch to my credit as actuary at the principal office, and I would simply give a check and transfer it to the loan where it belonged. No money was drawn out at all.

Q. Well, do the books of the principal office, or of the Washington branch, show that transaction just as it occurred?—A. Yes, sir.

Q. There was another sum of four thousand dollars that you drew out?—A. That had nothing to do with this at all, and was drawn out long before that; and I thought, when it was spoken of, that this was what was meant. It was drawn out some time in June, and it never was to my credit any way.

Q. I will ask you if any of that sum of $10,523.74, which appears to have been drawn out by you in July subsequent to the closing of the bank was appropriated by you to your own use?—A. I think not—not to any amount any way. I do not know what checks are there, but I do not remember any.

Mr. FITZPATRICK [expert]. Some of the checks that appear on the draft-journal at that time appear in your name personally.

Mr. STICKNEY. Well, whether they do or not, none of them are my personal account. There was one of eight hundred dollars, I think, which was part payment on a sale I made as trustee. I turned that over to the bank on account of the Hutchins' sale.

THE R. W. TOMPKINS OVERDRAFT.

Q. Now, in regard to the thousand dollars which you allowed Tompkins to draw out after the closing of the bank. I think your explanation of that was this in substance: That Tompkins, as you understood it, had this amount to his credit?—A. Yes, sir; that is what the book showed.

Q. And when the bank got in trouble, you told him to let the money remain, and you would see that he should not suffer loss, and in pursuance of that agreement, you allowed him to draw it out after the closing of the bank?—A. Yes, sir.

Q. Do you not think that that was a stretch of authority?—A. I do not know that I so considered it. I will say that we had a good many deposits, and the finance committee thought, and the officers of the bank so understood, and it was understood by everybody, that they would be special deposits.

Q. Well, did they appear on the books of the bank as special deposits?—A. Part of them did; most of them did——

Q. Tompkins's did not?—A. No, because it was deposited before this agreement was made. We did not make any such agreement until along about the 25th of April, I think, when we had a heavy run on the bank and made that agreement.

Q. But Mr. Tompkins's telegram was received before that time?—A. No, sir; and it was simply not marked special deposit; that was the understanding with him.

By Mr. GARLAND:

Q. When you received what were called "special deposits" you marked upon the back "special deposit," did you not, or put something upon the back of the envelope in which it was inclosed to indicate its character?—A. We did not keep it separate, but it was understood that it should be made special and not be subject to the sixty-day rule. A great many of them did not come under the sixty-day rule to depositors.

Q. State what you did to indicate that a deposit was special.—A. When a deposit was made it was marked "special" on the deposit-book, and also on the journal—at least that was the instruction; I do not know whether all were or not.

By Mr. CAMERON:

Q. It appears, from the examination now being made by the expert, that at the time Mr. Tompkins drew this thousand dollars there were drafts amounting to more than a thousand dollars on the journal charged up to him, but they were not transferred to his ledger account, so that at that time he was actually overdrawn upwards of one thousand dollars. How did that happen?—A. That is more than I can tell you, sir. I know nothing about it. The books will show that there was a deposit I think, of more than this $1,000—some $1,900—something like that—made in March, 1874, before the bank closed.

Mr. FITZPATRICK [the expert]. In the books of the bank?

Mr. STICKNEY. Yes, I think so; I think there is a deposit there of March 14, before the closing of the bank.

Mr. FITZPATRICK. That deposit does not affect the overdraft.

By Mr. CAMERON:

Q. Well, how was it that these drafts were not charged up against him? Who did the charging up? Whose duty was it to do that?—A. Mr. Tompkins was one of the bookkeepers, and young Mr. Augusta was another. We had two at that time whose duty it was to post up all the checks.

Q. Well, was it not the custom of the officers of the bank to verify the books to see whether the bookkeepers did their duty, or did they trust it entirely to the bookkeepers?—A. Well, it was impossible for any officer of the bank to check up all the work there, to see if it was

all correct or not. They had to trust to the bookkeepers just as any other bank does.

Q. Trust the bookkeeper with his own account?—A. Well, we had the other man; he did not have the writing of the accounts in the journal, as a general thing, nor in the ledger; at least was not supposed to have; that was the duty of the paying teller and the receiving teller.

Q. I have here your deposit-book "B 12." It commences with December 15, 1873. The first entry in it is December 15, "To balance," to your credit, "$564.20." Now, on examining the books, it seems that at that time your account was overdrawn $235.70. Can you explain the discrepancy between the entry on your pass-book and the account as it now appears on the ledger?—A. I cannot, any more than what was found on the books there. There was a deposit on the ledger of $400. On the draft-book it appears as a draft of four hundred dollars. I do not think that is correct, though.

Q. It seems, then, that on August 18, 1873, you drew a draft of four hundred dollars on the bank, which was paid, but it was posted as a deposit, making a difference of $800 in your favor?—A. I do think I ever drew any such draft. I cannot find that I did. I cannot find my deposit-book. I hunted faithfully for it, but have not given up the search. I was very careful in my own accounts. If I find that, it will show it exactly.

Q. Are you able, from any private account that you kept, to determine whether you deposited four hundred dollars on that day or not?—A. Well, it was deposited before.

Q. Well, before?—A. I have not looked at that. Since I was last before the committee I have been trying to find my deposit-book, but have not succeeded. If I find that I could tell.

Q. Well, will you look at that [showing witness the account in an old deposit-book]?—A. I see that there are two or three other drafts here; one for fifty dollars and one for one hundred and fifty dollars. I cannot find that there are any such drafts in my personal and private account.

By Mr. GARLAND:

Q. Then you have searched for that?—A. Yes, sir; I broke the Sabbath on that.

Q. How did you find that it was entered?—A. It is entered in that pass-book, but not in the ledger. That balance as brought forward there was taken, not from the ledger, but from an old deposit-book. That I know because I had the deposit-book at the time.

By Mr. CAMERON:

Q. This deposit-book shows an overdraft on the final writing up of it of $57.22?—A. Yes; that was paid.

Q. The experts find that the overdraft at that time was actually as appears from the books; whether it was so or not, of course I do not know; the amount is $1,041.12?—A. $1,057.12.

Mr. FITZPATRICK [the expert]. Yes; it is $1,057.12. Sixteen dollars is to be added to the $1,041.12.

Mr. STICKNEY. You gave me a credit of sixteen dollars, which I did not accept.

Mr. FITZPATRICK. Yes, sir.

By Mr. CAMERON:

Q. Well, you are not able at this time to explain that any further?—A. No, sir; I am not; all I can say is that I do not think that is the

fact, because I was very careful of my own deposit account, for I knew that mistakes were sometimes made, and I did not want any in my account. The only way that I can account for the one hundred and fifty dollars and the fifty dollars is this: I cannot find any check of my own; I used to send in slips for the different charges and sign my own name for them—not for myself personally, but for the bank—and sometimes they were charged up on my books, with my name on the slip.

Q. If these mistakes were made by the bookkeeper and others, what would be the state of the cash account at night when the bank closed its books for the day?—A. Well, it would be "over."

Q. Well, now, in the banks that I have known something about, when they find a mistake of that kind on the books they never rest until they have hunted it up and found out where it was. How did you do in your bank in such a case?—A. Well, we always tried to do that; that is, I suppose so. If it was reported to me, I most certainly tried to find out all about it.

Q. If it were a fact that on one day you drew four hundred dollars (I do not say that it is a fact, but if you drew four hundred dollars), and, instead of its being charged to you, it would be credited to you, there would be a discrepancy in the cash account that night, would there not?—A. Yes, sir.

Q. And it would appear whenever the teller, or whoever had charge, wrote up his account for the day?—A. Yes, sir.

Q. It seems to me that that was a matter to correct at the time, as it was rather a glaring mistake. I am afraid things were done a little loosely there, Mr. Stickney?—A. Well, I do not deny that at all [laughing]. We had Mr. Sperry there for a long while trying to find out discrepancies, and also a gentleman, Mr. Weygant, who used to be a bookkeeper in the First National Bank; after that failed, we had him employed for a month or two upon these matters. They did not check off as carefully, however, as those gentlemen have done [alluding to the committee's experts]. Mr. Sperry, I think, made corrections that amounted to seven or eight thousand dollars altogether, I think, and Mr. Weygant to some seven or eight thousand dollars.

Q. Now, a depositor might honestly think that his account was as it appeared on the ledger, when in fact it was not?—A. What makes me think that my account was correct is, that I always kept a memorandum of what I did. I did not keep books all along, but at that time, as administrator of my uncle's estate, I had considerable money in my charge, and I had to make up statements from that, and keep that account straight.

Q. Were you present when Mr. Richards was examined the other day?—A. Yes, sir.

THE LOANS TO A. PANNELL.

Q. He was asked in regard to the Pannell loans, which it seems were lost to the bank—that is, some of them at least were lost. Do you know anything about these loans and through whom they were made?—A. Yes, sir; they were made at the request of Mr. Richards. Mr. Pannell had the contract for building the barracks at Fort Whipple, and gave me power of attorney to collect the money, and Mr. Richards was one of Mr. Pannell's bondsmen. They went on, and I think I collected a good deal of money; but he got into some dispute with the authorities and did not go on, and they did not pay him for the last part of the work. There was more due him, and he claimed a good deal more than

enough to pay these notes. He brought suit in the Court of Claims, and I think the suit is there yet—I do not know whether it has been decided or not.

Q. That is all you know in regard to these loans?—A. Yes, sir; that is all I know. I will say that Mr. Pannell wanted the commissioners of the bank to advance him money to carry the suit up, and they did not think they had the authority to do it, and they got somebody else to do it; that is, to pay the expense of the suit.

THE WILKES LOAN.

Q. I want to call your attention, Mr Stickney, to a loan known as the Wilkes loan, on which it is probable the bank will lose a large sum. It seems that the loan was first made in 1870, but it was transferred to the bank in 1872; and it appears upon examination that the title to the property that was given to secure the loan was defective at that time. Now, if you know anything about that loan and the manner in which it came to be transferred to the bank, will you explain?—A. I think the loan was made by General Balloch in 1870, and when the loan was first made the notes were in his own name.

Q. In Balloch's?—A. Yes, sir; in 1872 he made application to the bank to take it off his hands. It was passed by the finance committee and the money was paid him.

Q. What connection did Balloch have with the bank at that time?—A. He was one of the finance committee and one of the directors. So far as the title being bad, that was a matter which was corrected by the court, and I advertised the property for sale, and part of it was sold; one lawyer here passed the title as being good, and having confidenee in the lawyer who had passed it, he bought it on his abstract; but some other attorneys who were examining for other parties pronounced it a defective title.

Q. But the loan was originally made by Balloch himself?—A. Yes, sir; he deposited his own money on it.

Q. He carried it some two years?—A. Yes, sir; but the interest was paid promptly on it, and he supposed that it would be paid, and it was taken by the bank. I will say further that when, in 1874, I think it was, I advertised the property for sale, the prices at which property was then selling would have enabled the bank to get out with very little loss, but parties would not take the property on account of its defective title.

THE LOAN TO JAMES T. PIKE.

Q. In 1872, Mr. Stickney, there was a loan made to James T. Pike of four thousand dollars on property situated on Capitol Hill. In 1873 there was an additional loan made to Pike of sixty-five hundred dollars, secured on this property, and also on some property in Maryland. The Maryland property has since been sold by the bank under a foreclosure sale for about two hundred and fifty dollars. Now, can you explain how that additional loan of sixty-five hundred dollars happened to be made to him?—A. I think that additional loan was simply a fixing up of a lot of other things on some securities, and we were trying to get more security at the time than we felt we then had.

Q. Well, the only security it appears the bank held at that time was this Capitol Hill property, and that was security for $4,000; do you know whether the bank held other securities for that—personal or other

securities?—A. They held a note for five thousand dollars of James T. Pike's, which appears in that. All the securities that are held appear in the note.

Q. Who was Pike—what was his business?—A. He was a clerk in the Second Comptroller's office and a real estate operator.

THE LOAN TO SAMUEL C. POMEROY.

Q. In November 21, 1872, the bank made a loan of six thousand dollars to Samuel C. Pomeroy, who gave 100 shares of stock of the Second National Bank of Leavenworth, Kansas. These shares were subsequently withdrawn and six notes of Aaron G. Underhill, of one thousand dollars each, and a policy of insurance, were substituted for the Leavenworth bank stock. There is a large deficit on that claim; can you explain how it happened that the bank allowed him to withdraw the Leavenworth bank stock and substitute these notes of Underhill?—A. I cannot just at present.

Q. Perhaps you can refresh your recollection in some way so as to be able to answer.

THE LOAN TO PERRY H. CARSON.

On April 9, 1874, there was a loan of one thousand dollars made to Perry H. Carson, and secured on part of lot 6, square 582, of this city. When the commissioners insisted upon payment, Carson said that the loan was made for the benefit of John M. Langston, which, I believe, Langston denies. Can you give us any light in regard to that loan?—A. I think Mr. Carson had the loan there of five hundred dollars, or something like that, before Mr. Langston came in with him, and he said if I would let him have an additional loan and take this note for it he would see that it was paid.

Q. He, Langston?—A. Yes, sir.

Q. But he did not obligate himself in writing in any way to pay it?—A. No, sir.

Q. And he gave no additional security?—A. No, sir; well, this was additional security, for I did not think there was any security for the first five hundred dollars.

Q. It was a second mortgage on the property, was it?—A. It was supposed to be a first mortgage at the time.

Q. It turns out, however, to have been a second mortgage?—A. Yes, sir; a second mortgage.

TESTIMONY OF DR. CHARLES B. PURVIS.

WASHINGTON, D. C., *January* 29, 1880.

Dr. CHARLES B. PURVIS sworn and examined.

By the CHAIRMAN:

Question. Doctor, will you state what was your connection with the Freedman's Bank, and how long a time it covered?—Answer. I was elected trustee of the bank in 1868. I remained a trustee until it failed; until it was closed up, in 1874. I was a member of the agency committee just a little while before the bank closed; I acted as chairman

of that committee—the chairman, General Whittlesey, having resigned as trustee. I was also elected vice-president of the bank; first vice-president. I think I served in that capacity about a year; possibly a little longer. I was on the finance committee, I think, ten days or two weeks. We accepted the resignation of Mr. Cooke, Mr. Huntington, and Mr. Broadhead, I think, all in one day; and then we substituted two or three others—myself and Mr. Richards were put on; I do not remember who the other person was. I served in that capacity about ten days or two weeks, then I resigned, and Mr. Langston was substituted for me. I do not think any business was done while I was a member of the finance committee. The committee was then making what is known as the Hall loan—a loan on a farm owned in the country by Mr. Hall. It was made while I was on that committee; and I think that was the only business transacted of importance while I was on that committee. I only met with them once.

Q. You mean the board of trustees?—A. No, the finance committee.

Q. That is the only loan that was made while you were a member of the finance committee?—A. Yes, sir. It was on some real estate here across the river. I was not an active member of the board of trustees for the first year or two. I was acting assistant surgeon in the Army, and was not always on hand; but after that I took part in all the meetings; not all of them, but most of them, I should think—I do not remember exactly. I know, however, that during the latter part of the years of the bank I was pretty regular in my attendance on its meetings.

Q. Did you observe any irregularity in the management of the bank, so far as the making of loans was concerned, the receiving of improper securities, &c?—A. Well, I suppose I may as well state what I know about it.

"IRREGULARITIES" IN THE MANAGEMENT.

Q. Yes, it is our purpose to get at the facts.—A. I said just now that I did not take a very active part when I was first elected. There were some very prominent men in the bank when I was elected. There was Mr. Cooke, Mr. Huntington, Mr. Broadhead, and Mr. Clephane; and then we had, connected with it, a Mr. Whipple, who was connected with the American Missionary Association of New York; then we had Mr. Ketcham, a very prominent lawyer; and I cannot pretend to give the names of all the prominent men. But I remember that these gentlemen were there; Mr. Ketcham occasionally attended the meetings, and he was quite rigid at times in his examination of the reports of the actuary, Mr. Eaton. I do not remember having my attention called to any irregularities. I heard Mr. Stewart, who was the attorney of the bank, mention some things that he thought were wrong; but my attention was not called to anything directly until Mr. Ketcham called the attention of the board of trustees to the investment in the Seneca Sandstone bonds. He made a little speech, and said that if the bank should take such securities he would resign—he would not be identified with it; and then went on to give his experience, for he had had a great deal of experience as an attorney with savings banks and such institutions in the State of New York; and he said that all such securities were unsafe; and that it was in violation of the charter, which he read to us on that occasion. I think that was in the fall of 1871, or the spring of 1872, I do not remember exactly which, it has been so long ago. He was very emphatic—I remember that; and the actuary said that while it appeared in the nature of a purchase, it was really a loan; that the

company would take it back; that the stock was worth more than they had given for it; and he, Mr. Ketcham, then offered a resolution, I think, directing that the company be requested to take back these bonds; and, as I testified before the Douglas committee, I had always supposed that the loan, or these bonds, had been returned to the Seneca Sandstone Company, and that we had received our money in return for them. I did not know anything to the contrary until it came very nearly time for us to close up the institution, when we found that that had not been done—that they had swapped good securities for poor securities, and that the notes of Evans & Kilbourn were bogus securities.

TRANSACTIONS OF THE BOARD AND FINANCE COMMITTEE.

This is the way we used to conduct our business; the board of trustees would meet once a month. The actuary would read the minutes of the previous meeting; he would then read the statement off the minutes, or the report of the finance committee; he would then state the loans that had been made during the month, and almost invariably he would then read over the many securities that we had; and in reading over this list the loan of Kilbourn & Evans was always mentioned; and on the face of it it appeared, of course, that the loan was made to them on ample security. As to Mr. Richards's course, I may say this also: I think either he, or Stewart, as attorney, introduced the resolution which caused Jay Cooke and Company to take back their bonds. They had given us a guarantee, and had used some of the funds of the corporation. They had been using as high as five hundred thousand dollars of our money—our own money, which was deposited in their bank. I remember the actuary was indignant at them. I had a talk with him, on the street-car, in reference to money lying idle in Jay Cooke's bank. I think it was five or six hundred thousand dollars. My impression is it was at least five hundred thousand dollars. They allowed us at the rate of five per cent. per annum on it, whilst we were paying six per cent. interest; and then he sold some of our bonds—at any rate he invested some of that money in United States bonds, and those bonds went up, and we made a few thousand dollars by that transaction of his; and he told me, at that time, that they were very indignant. Now, that caused a good deal of indignation on the part of some of the members of the finance committee. The chairman of the committee was Governor Cooke, who was here the other day, and an active member of it was Mr. Huntington; Mr. Cooke also was a member of the finance committee, and an active member. That was one irregularity, and a rather good sized one. On the whole, I think there were not many irregularities in the bank except that one, and this is news to me, listening to the questioning here, and to what was brought out by the previous committee on investigation, and from what I learn from the commissioners. We made many loans, at least many loans were made, which the trustees did not know anything about. I think my friend Mr. Richards was mistaken the other day when he said that loans were made by the finance committee subject to the approval of the board of trustees. That is a mistake. It is true, the trustees approved the report of the finance committee, but the loans were made before they reached us, almost invariably. Loans upon colored churches, and those little properties across the river here, and many applications for loans from the South—these loans were always submitted to the board of trustees. As a rule, we were averse to making loans to those

sections of the country. I remember that loans were made in your State, Mr. Garland—in Arkansas. Applications were made to us, and we opposed all these loans. The only irregularity—and that seems to have been an error of judgment—was the loaning of money without authority. We were explicit enough in requiring the utmost care on the part of the finance committee in matters of loans; we had implicit faith in our finance committee; and I think I can state without the least hesitation, that the finance committee that existed after the resignation of Mr. Cooke and Mr. Huntington was made up of honest men in every particular—men who attempted, and no doubt desired, to serve the interests of the bank. There was one man on the finance committee—Mr. Balloch—who did the bank wonderful service. In his capacity as treasurer of the bureau—of the Freedmen's Bureau—he had his agents employed throughout the country to pay off the bounties to soldiers, and they had their offices, and these offices were used in the beginning by us; and we thus saved the rent of offices, and saved the salary of a cashier in many instances, when we were establishing banks—and they did not cost the government a cent; yet he did the people a great service by enabling them to establish these banks in various sections of the country. These two or three little loans that have been mentioned here are mere bagatelles, and I do not know anything about them. The only objection that I had was to the loaning of money without authority. I would criticise our actuary, here, for doing that, though his motive, evidently, was the best.

In the South we had irregularities over which we had no control. Many cashiers there were dishonest men. We had one great trouble, and that was in attempting to investigate those branches. We had several inspectors, who were sent to the different banks. Mr. Sperry, an excellent man, was one of them; and there was another, whose name I cannot remember, but who was afterward cashier of the branch in New York. (Turning to Mr. Stickney.) Do you know his name, Mr. Stickney?

Mr. STICKNEY. Harris?

Dr. PURVIS. Yes, Harris.

These inspectors were sent down to the banks, but they did not detect the frauds that were perpetrated there. Another trouble was to enforce the bonds; when we did detect frauds, we could not do anything about them.

CAUSE OF THE BANK'S FAILURE.

Since I am here as a witness, I would like to state this fact. There seems to be a prevailing opinion that the failure of the bank was the result of fraud on the part of the officers—on the part of the cashiers, and chiefly on the part of the trustees. There never was a greater fallacy so far as the trustees are concerned; because no one can show (the present board of trustees, I mean, for I will not attempt to account for the others that are out), no one can show that any one of them ever used the funds in any way whatever for their own purposes. The bank failed, in my opinion, from natural causes. Any one knows—almost any one who knows anything about business—that in order to start a savings bank anywhere it takes at least ten years before that bank can become a paying institution. We established a branch in Washington. At first it was not a paying institution. In a very little while, however, owing to the popularity of the branch, it not only paid all its expenses, but there was a profit which went largely toward defraying the expenses of the other branches. Now, when the bank closed, we had about

fifteen or sixteen branches, I am not sure which; but we had fifteen, certainly, that did not pay expenses by any means. They were new branches. People were all the time applying to us from all sections of the South to give them a branch, so that they might save their money. These branches cost a good many thousands of dollars to sustain them. They had to pay office rent. We no longer had the benefit of the Bureau. The office rent and other expenses, and it is not necessary to enumerate them, were heavy; and we found, by nice calculation, that it required a deposit of over five millions of dollars for us to pay our interest and meet our current expenses. Now, we had three runs on our bank when we had just about reached that point, and these runs took from us very nearly a million and three-quarters of money, and took from us our profits out of which we could sustain our institution. When Jay Cooke failed we were in a healthy condition. We had, in bonds and cash, nearly three quarters of a million of dollars, and we were reducing our expenses very rapidly. When the first run came we stood that, and we disbursed all our cash and all our bonds, and even hypothecated many of our real estate notes. Then we put a sixty-day notice on the people, requiring them to give us a notice of sixty days before they could draw out their deposits. Then we had no money and could not raise any. The bulk of our money was invested in real estate loans, and in real estate property which we owned. To realize upon that was impossible; and there was no other alternative under the law passed giving us the right to close the institution but to close the institution. But taking the Seneca Sandstone loan, and I call that a very bad one, and other bad loans made in the District of Columbia, and the fraudulent doings of the cashiers in Alabama, Arkansas, Florida, and other places, although these men robbed us of a great deal of money, yet if it had not been for the panic we could have swung clear.

THE JUAN BOYLE LOAN.

Q. Can you tell the committee what you remember about a loan made to Boyle in 1874, of twenty-nine thousand dollars? To secure this loan we have eight thousand dollars in bonds of the Selma, Marion and Memphis Railroad Company. How was that loan made? State the circumstances, and whether it was approved by the finance committee and board of trustees?—A. I have no personal knowledge of that loan. I could not state of my own knowledge, or from information, anything about that.

When we were having the run upon us, after the failure of Cooke's bank, we undertook to sell our bonds. They were of a large denomination—one thousand dollars each, I think; most of them currency sixes, I think they were, if I remember correctly, although it has been so many years ago. Mr. Boyle, who was a broker here, I think, and seemed to be a friend of the bank, came in and gave us the benefit of his services. He was not employed by the bank. I do not think the trustees ever had anything to do with him, or that he was ever brought before them; but we authorized our actuary and president to sell real-estate notes and bonds, and they took their own way of selling them. The president went to New York to sell some, and Mr. Boyle was employed, I understand, by the actuary, to go to Baltimore to sell some of the bonds. All that I know about this matter I learned from Mr. Leipold, when we had a meeting of trustees at the bank, and Boyle was making a settlement there. My idea originally was that the actuary loaned him the money; but after the statement of Mr. Leipold, I found that Mr. Boyle every time he sold bonds did not return to the bank the full amount of

money; he kept a little; so that, in the aggregate, it amounted to the thirty-six thousand dollars you mention. Then, to secure the bank, his note was taken, and these securities, such as they are. I have no personal knowledge about it, only as I gathered it from Mr. Leipold, hearing his statement at the meeting of the trustees of the bank on one occasion. I know he was selling the bonds, however. Once or twice he was in the bank, and I heard one of the officers say that he was an agent of the bank.

Q. Was he authorized to sell by action of the trustees? Who authorized him to sell bonds?—A. That I do not know, unless it was the officers of the bank. He had no authority from the committee.

The CHAIRMAN. Referring to this loan, doctor, I find that in your testimony before the Douglas committee you said:

> The president went to New York to sell some of the bonds, and it seems that, without any authority whatever, Mr. Stickney sent Mr. Boyle to Baltimore to sell some of these bonds. This I have only got from our inspector, Mr. Sperry. It was hard to sell these bonds, because they were of a thousand dollar denomination; if they had been one hundred dollar bonds we could have sold them readily. Afterwards my father asked me in regard to a loan to Boyle, and I told him that we had never made any such loan. On inquiring into it, I found that Mr. Stickney, even when we were in such a state in the bank that we had sold every bond except five hundred dollars, simply on the pretext that Boyle had done the bank good service, loaned him twenty-one thousand dollars, on which we had no security. On the strength of that, I called the trustees together for the purpose of asking them to remove Mr. Stickney from the trusteeship which he had acquired under the law of June, 1870. I there mentioned the matter, and Mr. Leipold contradicted my statement that Stickney had loaned the money in the way I have mentioned, but he made this extraordinary statement: that Mr. Boyle had sold bonds for the bank at different times, and that every time he had retained some of the money, so that in the aggregate he owed the bank the amount of $21,000, and that then, to cover up the transaction, Stickney took this note from him, but put it in the shape of a loan. Boyle has never rendered any account to the bank of the amount of bonds that were put into his hands by Stickney. Of that transaction, however, none of the bank officers proper, except Stickney, had any knowledge.

I read that, doctor, to refresh your memory on this point.

Dr. PURVIS. Well, that is correct. After talking with various trustees of the bank they thought we had better call a meeting. Mr. Douglass was president of the bank at that time. A meeting was called to do just as is there stated—not to dictate to the commissioners, as has been suggested, but really to tell them what we knew about it, as I said there.

AS TO REMOVING MR. STICKNEY, AS TRUSTEE.

About removing Mr. Stickney as trustee, I will explain that. Mr. Stewart, who was then solicitor of the bank, brought to the attention of the board of trustees this fact: That in all our real-estate loans our actuary and assistant actuary, Mr. Eaton and Mr. Stickney, appeared as trustees. He said, under the law of the District of Columbia—though I do not know anything about it—that they could get five per cent. whenever they were forced to sell a piece of property, unless there had been an agreement between the parties, and then that would be binding. Now, Mr. Stewart said they might force a good deal of property into the market on the expiration of the loans and for the sake of making this fee; he therefore brought it to the attention of the trustees. He came to my house with Mr. President Alvord, and brought a resolution which they desired I should introduce,—I think that was the one, and that either I or Mr. Stewart introduced it—in reference to that. The object was either to change our trustees or these deeds of trust, or to get some expression from him so that if any profit should arise out of

these fees it should go to the bank. Mr. Eaton got up and said that legally he would be entitled to these fees, but that he never had any idea of claiming them, and that they should go to the profit and loss account of the bank. With that distinct understanding we allowed his money to remain. After the commissioners had been appointed I understood that Mr. Stickney thought of claiming these fees, and as we had lost some money by his errors of judgment, at least, in making some loans, I thought that these profits should go to the bank. The trustees were called together at the instance of Mr. Douglass, though I presided at one meeting and Mr. Douglass at another, to say to the commissioners that we thought Mr. Stickney ought to be removed from these deeds of trust, or that he should turn over that money. And that was the dictation that we did that Mr. Leipold referred to the other day, and upon that point I have a statement to make. That was the reason we called the trustees there. As to Boyle, I can only say the actuary loaned him the money. After Boyle got into him he did the best he could, but the statement I think is correct that Mr. Boyle kept some of the money. Now, Mr. Boyle was an active man, I do not doubt; he did the bank service in disposing of a good many of the bonds, but, as it turned out, he was a rascal.

By Mr. WITHERS:

Q. Did Mr. Boyle charge a commission on the sale of bonds in addition to retaining most of them?—A. No, sir; if he did that and received his pay it was right enough—it would have been proper; the actuary would have had a right to pay him that under the authority of the board of trustees. I should have so considered it, because we were doing the best for the bank at that time that we could; but he was not employed by the bank.

Q. He must have been employed by somebody, otherwise he could not have obtained possession of the bonds?—A. They were given to him by the officers of the bank. It is a question I really cannot answer correctly, because I do not know how he got possession of the bonds. Certainly he was not employed by the trustees.

By the CHAIRMAN:

Q. Well, there was no other authority by which he could be employed, was there?—A. Not legally; no, sir. But we were having a panic, and I may say this, that I was the only trustee that went to the actuary's assistance. The president was in New York, and I was the one who authorized the actuary to write the sixty-day notice, and I do not doubt at times he was compelled to act without consulting the trustees, because they did not always come promptly even when he summoned them during the panic; and something had to be done. I might say, however, that Mr. Sperry told me that he met Mr. Boyle peddling these bonds on the streets of Baltimore and took them away from him; that is, some of them; and I think that is in my former testimony. The taking of that security I presume was the best that could be done to get out of a bad job.

THE LOANS TO SAMUEL C. POMEROY.

By the CHAIRMAN:

Q. It appears that there was a loan made to Samuel C. Pomeroy on one hundred shares of Second National Bank stock of Leavenworth, Kansas. Subsequently these were withdrawn, and six notes of Aaron G. Underhill, of one thousand dollars each, secured by a deed of

trust and policy of insurance, substituted for them. That is, this six thousand-dollar loan was made upon one hundred shares of Second National Bank stock, and this security, it seems, was afterwards given up and Mr. Underhill's notes substituted. Can you give us any information as to how that was done and by whom?—A. No, I do not know; I have not the least idea. Of course I could not remember all that was done, but I am pretty sure that that never came under the notice of the board of trustees. Whether the committee did it or not, I am not prepared to say; it never came under our notice; I am sure of that. We would not yield up a good security for a poor one.

By Mr. WITHERS:

Q. That seems to have been done in several instances in the history of the bank?—A. Yes. As to the loan of Mr. Richards, though it was a small matter, as was said a moment ago, Mr. Richards may have received these two or three hundred dollars, whichever it was, but never applied to the trustees for it.

By Mr. GARLAND:

Q. Is that the matter Mr. Stickney was speaking of just now?—A. Yes, sir; and it never came under our notice. He was a very honorable, upright man—a most exemplary man.

THE ACTUARY'S BOND.

By Mr. WITHERS:

Q. Can you explain why it is that the actuary of the bank was never required to give any bond?—A. Well, that is a mistake; he was required to give bond. When Mr. Stickney was elected actuary in the place of his deceased uncle, his bond was fixed at twenty-five thousand dollars.

Q. Was the bond given?—A. No, sir; it was to have been given. It was fixed at twenty-five thousand dollars, and his salary fixed at three thousand, I think at that meeting; the former actuary had always given a bond, and we supposed as a matter of course that the other actuary had given a bond. I knew that the president had given his bond, and of course we supposed that the president had seen to it that the actuary had also given bond. When he called upon the actuary for his bond, the actuary said that he was busy, and the president not having reminded him of it, he had not attended to it, but that he would fix his bond up. That was only a little while, however, before we went into liquidation. That bond never was fixed up.

Q. The actuary never refused to give bond, did he?—A. Yes; Mr. Langston was the first one to call attention to the fact of the actuary's bond and to ask him about it, and then he made the explanation I have just given you. When Mr. Langston, a few days subsequently, asked him about that bond, he said he had not given a bond and he would not do so, but would resign if it was insisted on. Now, I must confess that while the actuary was my personal friend, I felt badly about that, because I did not see why he should not give a bond to cover his own acts. He was not responsible for anybody else's. It was one of these surprises.

Q. The board did not compel him?—A. No, it was too late; I think we went into liquidation three days afterwards. He would not give a bond then, and there was no need of insisting upon it at such a time, for certainly it was less than a week after that that the commissioners were appointed.

THE USE OF FUNDS BY DR. PURVIS.

And just here, while I think of it, I would like to state this to the committee. There has been something said about myself using the funds of the corporation. Why there was not the infinitesimal part of truth in that charge, not the least; because I never directly or indirectly in the remotest manner used any of the funds of the bank. I did buy from the bank during April, the latter part of April or the first of May. It was when we were hypothecating our loans and selling our bonds; I think we sold to Mr. Corcoran fifteen thousand dollars' worth of real-estate notes, and we were trying to raise money in all directions to meet this run on the bank. Mr. Douglass had loaned the bank ten thousand dollars, and had taken real-estate notes as security, and I think the commissioners found—I won't be too sure about that, but I think I am correct—I think the commissioners found quite a number of notes and securities hypothecated, and they came into the bank at that time. I bought among other notes a two thousand dollar note for my father; at least I bought several notes for him, one for ten thousand dollars, another for sixty-five hundred. The only other note I was willing to take was this note of Mr. Peters for two thousand dollars. I had taken some other notes, and I was not willing to jeopardize any more of my money. I finally added two hundred dollars in money of my own, and I had a note given to me for three hundred dollars, a note of the Howard University, that was ten thousand times better security than any I took; because the one I took for two thousand dollars may possibly be realized on, if the property is put under the hammer, but there is no certainty about that. I merely took a real estate note of the bank, not a dollar of its money, and gave the bank seventeen hundred dollars of my own money and another note drawn to my order which I had to indorse upon the back, so that it could be collected. The statement was made here the other day that I discounted that note. There is a little difference between discounting (as Mr. Leipold stated it) and indorsing a note. It would look as if for some accumulated interest, or other consideration, I got some money from the bank. The truth is, I was some five hundred dollars out of pocket until that money was refunded to me by my father. The note indorsed by me was not paid at maturity. I asked Mr. Johnson and he said that the bank wanted it to run along and allow him to pay the interest. At any rate, whenever my attention was called to it, it was paid, interest and all. There was no difficulty about it, no suit, or anything of that kind. That is all there is about it. I want to show that there was not the remotest idea that I was using the money of the corporation; on the contrary, I was helping it to the best of my ability. The bank put up the sixty-day notice twenty days after the bank took the note. I took that two thousand dollar note in the latter part of April or the first of May. The first interest I got on it was on the 22d of October, although the interest was due on the 13th of October; so that there was a delay in paying me the interest on that note. So far as I was concerned, I have really loaned the bank some money.

MATTERS PERSONAL BETWEEN DR. PURVIS AND COMMISSIONER LEIPOLD.

Dr. PURVIS:

I believe I stated here the other day that I wanted to correct a statement, for it is necessary, that Mr. Leipold madein reference to my insulting him. I want to say that that was an entire mistake of his.

It is true, as he stated, that I went before the commissioners on one occasion and took in some papers of Mr. John H. Cook and Mr. Wormley, one applying for the position of attorney and the other applying to be auctioneer for the bank, as they would have a great deal of property to sell. My motive was then, as it always has been while I have been connected with the bank, to serve its interests and to assist young colored men. I had no other object. I took in their applications and presented them to the commissioners. Mr. Leipold got angry. It is true that I said to him just what he said I said. He said this: "I don't see why I should not make up some of these deeds of releases and deeds of trust myself at home, and make that little money. I did not come here solely for the position that you gave me." It is true, I repeat it again, that I said to him, "What time have you to do any law business?" Now, that was not intended as any insult to Mr. Leipold, and I don't think he took it as such, for he was very polite and friendly afterwards, and has been at my house since, and I to his. He took me to Mr. Vanderbilt, who is a pretty honest man, and was trying to get Mr. Wilson, cashier of the bank, a position. Our trouble don't date from that. I was instrumental in putting Mr. Leipold in the bank. I voted for him. Mr. Ela recommended him, and Mr. Tuttle recommended him because he was an excellent accountant. Mr. Ela told him that, at the meeting of the board of trustees last spring. There was no other reason under the sun for electing him. I had no feeling against him then; I have no feeling against him now. So I make that statement to correct or disabuse the impression that I insulted him, because I said that we should not have elected Mr. Leipold only because he was a good accountant; and I think he is a most excellent accountant. There were some irregularities that he has ferreted out and corrected, and some cases that I discovered afterwards that took place in the bank.

PRIOR SELECTION OF COMMISSIONERS BY THE TRUSTEES

I wish also to say to the committee that Mr. Leipold is correct about our first selecting three men before the present commissioners were elected. That does not seem to have been stated clearly to this committee. That is true. We selected my father, Mr. Langston's brother, and Mr. Richards's brother. Mr. Richards's brother was nominated by me. He was a man well thought of in this community, though I don't know anything about it. Mr. Langston's brother lived in Greensboro. Mr. Tuttle did not quite like the appointment. We first, however, elected Mr. Swain, cashier of the Second National Bank, and afterwards changed our votes.

THE BILL APPOINTING THE COMMISSIONERS.

I wanted further to state that the bill appointing the commissioners was gotten up by ourselves. I believe that our actuary and inspector were instrumental in drawing up that bill. We desired to continue the bank if possible, or wanted the power to wind it up when we found we could not continue it. The bill that passed Congress required all deposits to be made special deposits, and although we had money in the bank at the time of its failure, we could not use it; and that was the reason why we closed our doors. That bill gave us the right to appoint commissioners, and when the board of trustees called a meeting subsequently, we got permission of the commissioners to use their apartments for the purpose I have just stated.

THE SENECA SANDSTONE LOAN.

You asked me a question about the Seneca Sandstone loan. My testimony before the last Douglas committee, I think, must be in the main correct in reference to that, and in reference to consulting Mr. Cooke, and consulting Mr. Tuttle. Mr. Tuttle told me that, and I think that is correct. I looked upon Mr. Tuttle as a fine man, and one whose word could be relied upon.

THE VANDENBURGH LOANS.

In my former testimony I testified in reference to the loan of Vandenburgh. You will find it there in the printed testimony somewhere. In it I stated that the actuary, when he staid at my house in June, made that loan, or part of it, at night after the closing of the bank. That was the impression I had about it then. But in talking with him the other day he said that I am entirely mistaken about it. I did not want to do him any injustice. He said it was the president that made that loan. I argued the matter with him. I am still of the impression I was at the time I made that testimony; but I would like to give him the benefit of all doubt on that point; I would not under any consideration do him any injustice. It is hard to carry all these things—the transactions of that bank—in one's head; because the bank handled sixty millions of dollars in the few years it was in existence.

APPORTIONING THE COMMISSIONERS' LABORS.

By Mr. GARLAND:

Q. You stated, doctor, that you and the trustees elected Mr. Leipold because he was a good accountant, and you knew him to be such?—A. He was recommended to be such. Mr. Warner spoke to me about him in very high terms.

Q. In selecting the three commissioners, of whom Mr. Leipold is one, was there any understanding, or anything said by the trustees, as to apportioning the work among them?—A. No, sir. We found a good many irregularities creeping into our bank. For instance, our actuary could not make his balance sheet up correctly. They were clerical errors. We found that in the Washington branch there was a great deficit there, a deficit of some thousands of dollars. We tried over and over again to straighten it out. The actuary tried and could not succeed. We found that down in the various branches particularly there was stealing going on; there could be no question about that. And, therefore, when the trustees appointed these commissioners we wanted an experienced accountant who could detect these irregularities. Mr. Ela spoke very highly indeed of Mr. Leipold as being a man to ferret out these things. We did not apportion their work, but that was the recommendation. Mr. Creswell was selected by Mr. Langston entirely; and, as I once said afterwards to one of the Cabinet officers—he was afterwards Senator from Massachusetts; I cannot recollect his name at this moment——

Mr. LEIPOLD. Mr. Boutwell?

Dr. PURVIS. Yes; Mr. Boutwell. Speaking about the bank he asked me that very question, "Why did you select Mr. Creswell as commissioner?" And so did Senator Sherman, who seemed to have some personal feeling against Mr. Creswell. I said to him that we selected him because he was a Cabinet officer. We found him the most practical Republican we had met; the others were very good, theoretically, but

he was the most practical Republican we had, and that was why we selected him. I forgot, at the time, that I was speaking to a Cabinet officer and a Republican! When Mr. Creswell came into the bank, he said about this: he objected to taking hold because Mr. Whipper, of the Philadelphia bank, had an insane idea that the bank would be continued; and so did Dr. Augusta. Dr. Augusta said this: he thought the depositors ought to be consulted and the bank continued, though he took the precaution to take his own money out then. Mr. Creswell objected to serve and would not serve. To use his own words, "I will not serve unless I can have the moral support of the trustees." As to my father, he was the president of the under-ground railroad, an anti-slavery man, and a man of standing in this country. He also declined.

ALLEGED ATTEMPT TO ABOLISH THE COMMISSION.

If there is any difference in feeling about Mr. Leipold and myself it is this: An attempt was made to abolish the commission; something was said about getting rid of two commissioners, and having but one, and a bill to this effect was introduced, I think, by Mr. Sherman or his committee. Mr. Sherman happened to be a connection, is now a connection, of Mr. Leipold's, as I have understood since, and he said that I had not any business to go to Congress to see about these matters. My impression is this; that the bill provided for the appointment by the Treasury Department of one commissioner who should have the right to sell the property of the bank and to compound and compromise claims subject to the approval of one of the departments. There was a grand opportunity for doing a large business, and I frustrated that.

In the first place, we who constituted the board of trustees had more at stake than anybody else. We had our reputations at stake; and we wanted commissioners that we believed would see that the most was gotten out of the assets that was possible to get out of them. Therefore I opposed the appointment of only one commissioner. I opposed it then, and I succeeded very handsomely, I assure you; for when the bill providing for the appointment of but one commissioner was brought up in the House of Representatives there were but twelve men who voted for it. That is the only reason for his ill feeling against me. I succeeded and he did not.

Mr. LEIPOLD. Did I understand you to say that you succeeded and I did not?

Dr. PURVIS. Yes, sir.

Mr. LEIPOLD. Do you mean to say that I originated that matter?

Dr. PURVIS. I don't know what you originated, but you were an active man and an aspirant for the place, undoubtedly.

Mr. LEIPOLD. Did you ever hear me say anything about it?

Dr. PURVIS. No; but your friends were working for you, and the man from Kentucky, Mr. Durham, I believe, was at your office very frequently, at the bank, holding private whispering conversations with you, and I know that he was actively furthering the measure; and really, though he had been friendly to me before, he was at that time quite offish toward me, and he was the only man that had any praises to bestow on you. I don't know any other reason why Mr. Leipold should have any ill feeling towards me, except the letter which he wrote in "The Republican" in reference to my testimony in the former committee, which was perfectly correct. He said that I got angry at him because I applied to him for positions for clerks. The truth is, I never applied to a commissioner for a single clerk. I did make appli-

cation for Mr. Cook; that is the only one I ever made. Then I suppose that in referring to him once I happened to speak of him as being a "little Bismarck"; that is all; and it happened so many years ago that it has worn off, and I care nothing more about it. I have no ill-feeling against him now. I never did have in the first place. It was merely a matter of judgment on my part in reference to the question as to whether we should have three commissioners or one. I believed that we should not make a personal thing of the commission.

Mr. GARLAND. As far as you know of the commissioners that you appointed at that time, have they given their attention and time to the business as you expected them to do?

Dr. PURVIS. Yes, sir; as far as I know anything about it they have; and as far as I know I believe that these gentlemen, every one of them, have done their duty well and faithfully. I don't doubt but that they all found the duties far more arduous than they anticipated. I don't doubt that in the least; and I don't doubt that they have made a great many enemies, because it was very natural that the debtors of the bank should feel that their interests were opposed to the work of the commission. We did not propose to pay back anything if we could help it, and without the most searching examination of every claim that was made against the bank; and the result was that every man who was forced felt himself to be insulted, I suppose. It was an unthankful position taken as a whole. Even the newspapers have been abusing them, and everybody has been charging the commissioners, as well as the trustees, with robbing them.

MR. LEIPOLD'S REPLY TO DR. PURVIS.

Mr. LEIPOLD:

There are two or three matters which require some explanation, in reference to the statement just made by Dr. Purvis—explanations that I think, gentlemen, I must make in justice to myself. In the matter of the discount, to which I referred the other day, I simply want to state that that loan appears on the books of the bank exactly as the loan of Dexter does, indorsed by General Balloch. This appears on the books of the bank as having been made on a note of J. B. Johnson, treasurer of Howard University, he being the drawer; that it was deposited there by Dr. Purvis, he being the indorser. The transaction on the books stands as if he had brought the note there and it was regularly cashed, just as these other loans that you gentlemen have questioned the trustees about in the Richards matter and the Balloch matter. Then there was a certain conversation held by Dr. Purvis's father in the bank with reference to some pending legislation—the conversation took place between him and one of the trustees, Mr. Storam—and Mr. Purvis objected to the character of the legislation and to any legislation which did not recognize the board of trustees as still existing, and claimed that they should be consulted in any change that might be made. I then, knowing nothing more about this loan or discount except what I had seen upon the books, said that I did not think that the trustees were men that ought to be consulted in view of some developments that we had made. I stated, moreover, that some of them, at least, had violated the charter. Mr. Purvis spoke up and said, "Who violated the charter?" and I said, "Your son is one of them." And some words passed between us then. Well, he denied that, and I showed him our report where this transaction appears. He evidently did not know anything about the particulars of the case; but the next day he came and

made a statement similar to that you have listened to this morning; and I said to him, "Well, Mr. Purvis, I only stated the naked fact, that it appears that your son got a loan on this note." That is all about that. It largely increased the ill feeling existing between Mr. Purvis and myself. The loan was not paid at maturity. I reiterate that; and I wrote a letter to Dr. Purvis about it at the time. He may not have gotten that letter; I don't know whether he did or not. This letter (presenting a letter) I addressed to him about that loan. It was written on the 21st of April, 1875, and shows simply that the note was not paid at maturity, and that it was not allowed to remain there for the purpose of collecting interest on it, as stated.

Dr. PURVIS. Did I reply to that letter?

Mr. LEIPOLD. I think you came to the bank.

Dr. PURVIS. I never saw that letter, Mr. Leipold. Mr. Stickney, by the way, says to me just now that you did not know the real facts of the case, and how this note of mine came into the bank, and therefore I take back all I have said against you in the matter.

Mr. LEIPOLD. I knew no fact but what the books showed.

Inasmuch as the doctor says that he did not get that letter, I will state that it was copied in the press copy-book in regular order, and presumably mailed at the time. Now, with reference to statements that had been made affecting——

Dr. PURVIS (interrupting). Excuse me, Mr. Leipold; if the chairman will allow, I should like to have that letter read.

Mr. LEIPOLD. Certainly (reading letter):

OFFICE OF THE COMMISSIONERS OF THE
FREEDMAN'S SAVINGS AND TRUST COMPANY,
Washington, D. C., April 21, 1875.

SIR: As we have received an intimation that the note of $275.40, given by Howard University in your favor April 21, 1874, payable one year from its date, and by you indorsed, is not likely to be paid at maturity, this is to notify you that in the event of non-payment we shall be compelled to protest the same, unless protest is waived in the mean time.

Respectfully,

R. H. T. LEIPOLD,
Of the Commissioners.

Dr. CHAS. B. PURVIS,
Washington, D. C.

Mr. GARLAND. How long after that was written did the note fall due? Was it not written before the note fell due?

Mr. PURVIS. Previous to that time, sir.

Mr. GARLAND. What was the interval of time between the writing of that letter and the date when the note would be due?

Mr. LEIPOLD. It was a few days before the note was due, and the note was paid soon after maturity. This report of December 14, 1874, will show when it matured.

Mr. CAMERON. Do you remember whether the note was protested or not?

Mr. LEIPOLD. The protest was waived upon it, I think. That is my recollection.

Mr. CAMERON. But you have no distinct recollection, so as to state positively?

Mr. LEIPOLD. No, sir.

Mr. LEIPOLD (continuing). At the time of the investigation of the affairs of the bank known as the Douglas investigation, when this matter of the application of John H. Cook and Mr. Wormley came up, the original letters had been mislaid. I afterwards made dilligent search

for them, and finally found the letters, and it refreshed my memory considerably. I will read this letter that caused this unpleasantness between Dr. Purvis and myself in the first instance (reading):

LETTER FROM JOHN H. COOK, ATTORNEY.

WASHINGTON, D. C., *October* 22, 1874.

To the COMMISSIONERS OF THE FREEDMAN'S SAVINGS AND TRUST CO.:

GENTLEMEN: Some time past, at the suggestion of others, I consented to address a communication to the commissioners requesting that I be named as attorney to the commissioners and given the legal work of the bank, either at a salary or with fees. The commissioners did not condescend to reply, but I was led to believe that the legal work of the bank would be given me.

Having occasion to know that the loan-clerk of the bank uses his position to secure the work of making releases in cases of loans paid into the bank, and feeling that this is trifling with me, I respectfully request that the commissioners take some definite action upon my communication and inform me of the same, that I may know what to depend upon.

Very respectfully,

JNO. H. COOK.

Mr. LEIPOLD. You will observe that he says: "I was led to believe that the legal work of the bank would be given me." I took exception to that, for I had no idea that anybody outside of the commissioners had a right to make Mr. Cook any such promise. I took exception, also, to the form of the letter. I was not willing to commit myself to any one gentleman and employ him as the lawyer of the concern. As to these releases that he speaks of, it was the custom of the Freedman's Bank, grown up in the bank, that the loan-clerk should make out the releases. The loans made by the Freedman's Bank were generally secured by deeds of trust. One of the provisions of the deeds of trust is that when the loan shall have been paid, then the deed of trust is to be released at the cost of the borrower. As a loan was paid, the loan-clerk would make out the required release, and charge a certain sum, I think some three dollars or five dollars, I do not now remember which, to these parties. That was the custom that had grown up in the bank, and it was a custom that we allowed to continue. The loan-clerk had a great deal of work to do and his salary was small, and we saw nothing in it that we could take exception to. The bank did not have to pay the money—it was paid by the borrower; so we allowed it to continue, and I was not willing to interfere with the loan-clerk in that matter. In course of the conversation I remember that I said something like this: "Suppose *I* should make out these releases? I could make them out at night for that matter?" Then the other conversation took place, to which reference has been made. But it was in reference to these releases, the cost of preparing which in no case fell upon the Freedman's Bank, but was borne by the borrower under the stipulation of the original deed of trust, that Mr. Cook charged us with "trifling" with him; and to this I referred when I said, "Suppose I should make them out myself?"

Mr. GARLAND. Whoever made them out had the right to charge for his services?

Mr. LEIPOLD. Yes, sir.

There is one other matter that the doctor refers to which needs an explanation, and that is, he associates the present Secretary of the Treasury's name with a measure, and seeks to hold him in a manner responsible for a bill which sought to decrease the number of commissioners. He is entirely mistaken about that.

Dr. PURVIS, I had a conversation with him in his room, and he told me that was the case.

Mr. LEIPOLD. He may have done that, but I have Secretary Sherman's bill here and that is the best evidence. The trouble about that bill lies in the 12th section. It is due to me that I should read that. The bill does not seek arbitrarily to decrease the number of commissioners at all. It is true I had something to do in the preparation of that bill, as appears from the letters which I wrote, and which I propose to read to the committee. I was sent for by the Finance Committee of the Senate to make suggestions about the propriety of compromising and compounding claims and assigning deposit accounts and to explain to them all the difficulties we had to encounter and deal with in the transaction of the business. Mr. Sherman added the 12th section to the bill, which I will read (reading):

SEC. 12. That the compensation of said commissioners shall not exceed the sum of nine thousand dollars per annum, and shall be apportioned among them by the Secretary of the Treasury according to the services rendered and time given by each, but no commissioner shall at any time receive more than five thousand dollars.

This was the feature of the bill which was distasteful to the other commissioners, and you can readily see why.

By examining the bill it will be seen that it did not seek to interfere with the number of commissioners, except that it provided for their voluntary resignation and survivorship—a provision that Mr. Purvis seemed as anxious to have in the bill as the other commissioners. When this bill was printed and published, Mr. Creswell came to me and objected to the form of the 12th section. He said, "That is a reflection upon me, and you ought not to allow it to go in." I then wrote to Mr. Sherman this letter (producing the letter).

Mr. GARLAND. What is its date?

Mr. LEIPOLD. January 10, 1876. This bill was introduced January 5, 1876. (Reading the letter):

MR. LEIPOLD TO THE HON. JOHN SHERMAN.

WASHINGTON, D. C., *January* 10, 1876.

DEAR SIR: I regret exceedingly that you have annexed to Senate bill No. 141 the 12th section. I was in hopes that after our conversation on that subject you would have abandoned that provision of the bill, or at least postponed it until some later day.

It is true I wrote the section, but, as I said in the memoranda attached to it, I did it wholly at your suggestion, and not because I desired it to become a law. It will undoubtedly be productive of feeling and mischief, and, introduced as it was as a part of a bill with the preparation of which the other commissioners knew I had something to do, I will be looked upon, if not as its author, at least as its instigator. Without this additional provision I think the bill would pass; with it I doubt its passage very much. Under these circumstances, and rather than jeopardize legislation so necessary, while at the same time its tendency is to impair the harmony existing among the present commissioners, and which is so essential to the satisfactory execution of our trust, would it not be better either to abandon the 12th section altogether, or at least have it amended so as to make its provisions applicable only in case of a change in the present commissioners by resignation or otherwise?

I have the honor to be, very respectfully, &c.,

R. H. T. LEIPOLD.

Hon. JOHN SHERMAN,
United States Senate.

Mr. LEIPOLD. I will say, however, that this bill does provide that the commissioners or any one of them may resign if he wishes to, and the survivor or survivors in case of such resignation shall act.

Mr. PURVIS That is the point, Mr. Leipold. The commissioners had resigned; all of them. They had some reason for that. And now this bill, anticipating that the commissioners were in earnest, provides in

the beginning that in case of the resignation of one, then two, and if two, then the remaining one shall act. Is not that so?

Mr. LEIPOLD. Certainly.

Mr. PURVIS. Now, if the other two should resign, we would have liked to fill the places again with men in whom we had confidence; but the bill introduced by Mr. Sherman, with whom Mr. Leipold is related by marriage, prevents the trustees from carrying out their desires in that respect.

Mr. GARLAND. Was there any provision to fill the vacancy that might be made by resignation?

Mr. LEIPOLD. No, sir; it simply says the survivor or survivors shall act in that case.

Mr. PURVIS. Two were anxious to get out; the three had resigned.

Adjourned to January 31, 1880.

COMMITTEE ROOM OF THE SELECT COMMITTEE
ON THE FREEDMAN'S BANK,
Washington, D. C., January 31, 1880.

The Select Committee of the Senate on the Freedman's Savings and Trust Company met this day in the committee-room of the Senate Committee on Manufactures at ten o'clock a. m.

Present, Messrs. B. K. Bruce (chairman), Angus Cameron, and A. H. Garland.

MR. LEIPOLD'S STATEMENT CONTINUED.

Mr. LEIPOLD. In continuation of the statement I made at the last session of the committee, I want to introduce an extract from the reply that I received from Senator Sherman in answer to the letter that I read here at the last meeting; also my reply to Senator Sherman's letter. I will leave these letters with the committee.

Mr. CAMERON. That was in reference to the 12th section of the Sherman bill, was it?

Mr. LEIPOLD. Yes, sir.

The letters follow:

HON. JOHN SHERMAN TO MR. LEIPOLD.

[Extract.]

COMMITTEE ON FINANCE, UNITED STATES SENATE.
Washington, D. C., January 12, 1876.

DEAR SIR: Your note of the 10th is received. I stated distinctly to the committee that the 12th section was prepared by me, and was disapproved by the commissioners; but they thought it was so manifestly just and right that no one would complain of it, and it was not objected to by any one. Still, if you think it will embarrass the bill, I will ask them to strike it out, saying emphatically that you had nothing to do with it; that you expressed your opposition to it, and that it was my work entirely, and I think it clearly right. * * *

Very truly, yours,

JOHN SHERMAN.

R. H. T. LEIPOLD, Esq.,
Commissioner.

MR. LEIPOLD TO HON. JOHN SHERMAN.

OFFICE OF THE COMMISSIONERS OF THE
FREEDMAN'S SAVINGS AND TRUST COMPANY,
Washington, D. C., January 11, 1876.

SIR: As I anticipated, Messrs. Creswell and Purvis deem the 12th section of the inclosed bill an unjust reflection upon them, and I *do* hope you will consent to its withdrawal, or at least to its amendment as suggested in my note of yesterday. There are annoyances enough attendant upon this business without having a divided commission.

I have the honor to be, &c., your obedient servant,

R. H. T. LEIPOLD.

Hon. JOHN SHERMAN,
United States Senate.

PROVISIONS OF THE SHERMAN BILL.

Mr. LEIPOLD:

Dr. Purvis, in giving his testimony before the committee, referring to this bill—the Sherman bill—spoke of the provision authorizing the commissioners or commissioner, as the case may be, to compromise and compound claims against the bank, or claims of the bank. He spoke of that provision as opening up a wild field of speculation which he was not willing to entrust in the hands of any one person. I simply want to say, in reply to that, that that provision is almost identical with a provision contained in the bill which this committee has prepared and introduced. It did not authorize the commissioners or commissioner to do these things of their own accord, but subjected such action to the approval of the Secretary of the Treasury. The ultimate and real power was lodged with the Secretary of the Treasury as it is lodged with him in the pending bill. That provision met the approval of all the three commissioners. Ever since we have been in charge of the affairs of that bank we have tried to have that provision incorporated in some legislation. Without it I do not believe the concern can be closed. If the Sherman bill had become a law it is my opinion that the affairs of the bank would have been closed by this time and a good deal of money would have been saved for these people. Had we had the right to compromise we might have saved large sums in many cases where, in insisting upon a full payment, we lost the whole. The Sherman bill, with the exception of the 12th section, to which I referred at the last meeting, and the 7th section, which made provision for the assignment of depositors' accounts, met the approval of the three commissioners, as I then understood it, and Dr. Purvis is entitled, I suppose, to all the credit he claims of defeating that bill; and as the present bill is almost the same bill, he may consider it his duty to defeat that too. I don't know how that may be. In the Sherman bill provision was made for the resignation of the commissioners and in case of the resignation of either one or more of the commissioners, for the survivors to act, and in case of the resignation of all the commissioners, it lodged the appointment of a single commissioner in the Secretary of the Treasury.

The bill introduced by this committee contemplates making the Comptroller of the Currency the commissioner. It, like the Sherman bill, has the approval, as I understand it, of all the commissioners. It remains to be seen whether it will also be defeated as the other was, by the friends of Commissioner Purvis. I believe that is all I have to say on that point.

WINDING UP THE AFFAIRS OF THE COMPANY.

By Mr. GARLAND:

Q. As to the matter of the winding up of the affairs of this institution, I believe last May you thought that the bill looking to that, which we reported from the committee, but which has been recommitted to us, would answer the purpose of closing up this institution?—A. I think it would, sir.

Q. Does your subsequent reflection confirm you in that?—A. It does, with the exception that I do not coincide in the necessity of the provision that would make the passage of this bill, or the appointment of the Comptroller of the Currency as a commissioner, subject to the approval of the board of trustees.

Q. You don't approve of that?—A. I don't coincide in the necessity of it, and inasmuch as you have heard one of the trustees, the son of one of the commissioners, say that he was the cause of defeating a former bill which is almost identical with this bill, I don't think it safe—if you really want the bill to pass—to make its execution dependent upon the will of the trustees. In other words, suppose you pass this bill and a majority of the board of trustees don't choose to consent to the appointment of the Comptroller of the Currency as commissioner, where are you? I also want to suggest, in connection with this bill, that the commissioners have rented the lower floor of the bank building to the Court of Claims, and they have already had it fitted up for their use, so that no further provision for this purpose is necessary to be included in the bill.

THE WILLIAM H. BENNETT LANDLORD AND TENANT CASE.

One other point. You will remember, Mr. Chairman and gentlemen of the committee, that when Mr. Robert Purvis was giving his testimony, or making a statement, before the committee the other day, he referred to one transaction which he characterized in very extravagant language as an act of infamy unparalleled, and for which he consigned me to the penitentiary. I was considerably surprised at the statement, for the matter had never been mentioned to me until that day. I was certainly taken by surprise. When I returned to the bank I at once went to work to hunt up what there was in the charge or insinuation, and I found, in the first place, that he referred to the case of the commissioners against William H. Bennett—a landlord and tenant case. Mr. Bennett was in possession of part of the bank property. We sought to obtain possession. The case was intrusted to John H. Cook, a young colored man and an attorney, and he brought suit. The suit in landlord and tenant cases is based upon certain printed blanks. It was the custom of attorneys to whom we intrusted these cases to send blanks to the Freedman's Bank, that the facts of the case might be inserted in their appropriate blanks; that is, the names of the parties, description of the property, &c.

THE "INTERLINEATION" MATTER.

I next went to the court-house to hunt up the original papers in the case. I found that the original papers in that case had been abstracted. They were not on file. I then went to the justice of the peace who tried the case, and he told me that he thought Mr. Cook withdrew those papers; and from the fact that they were shown to Mr. Purvis subsequently, I suppose that is true. The papers containing the alleged in-

terlineation cannot be found. I made diligent search for them. I found, however, some of the papers in the case; that is, I found the original notice, the thirty-day notice sent to Mr. Bennett; and, upon conversation with Mr. Bennett, who was the defendant in the case, he referred to the informality of that notice as being one of the causes for having the case dismissed. He said that there were two or three reasons; one reason was that the suit was not properly brought. Here is the original notice sent by Mr. Cook (exhibiting notice). The names of the commissioners should have been signed to it instead of the name of "John H. Cook, agent." That is one of the informalities. There is no interlineation in that; nor do I remember making any interlineation in any of the original papers when the suit was brought. Mr. Donaldson's recollection—the justice who tried the case—is, that the interlineation was made in the handwriting of William J. Wilson, before whom the suit was originally brought. Mr. Stickney's recollection is to the same effect. The case was originally brought before Wilson and was carried by the defendant to Donaldson, another justice. But suppose Mr. Cook did send these papers to me to have me fill in the blanks, as he may have done, and I filled the blanks, I had to return them to Mr. Cook before he could bring the suit, and the interlineation, whatever it may have been, if there was one, was in the papers when the suit was brought in the justice's office. It was Mr. Cook's duty, as the paid attorney of the bank, if I had interlined anything in any of these papers that was improper, to correct it before bringing the suit; even if I made such an interlineation and he overlooked it, the fault is still his. But, in any event, I cannot see how the charge of forgery, or anything like it, could apply to any such transaction. It is a trifling matter, and shows to what straits this man is reduced in his efforts to break the force of my statement. Not being able to find the the original papers, I am not in position to prove that I did not make any interlineation at all. The case having been dismissed, there was a new suit brought, and we employed Colonel Totten to bring that suit, the papers of which I have in my hands; and from the fact that Colonel Totten wrote the names of the commissioners in this paper in his own handwriting—all the other writing being in the handwriting of the justice of the peace—I infer that that is where the main trouble came in in the first suit; that the first suit was not brought in the names of the right parties. In other words, that it was brought in the name of the commissioners of the Freedman's Bank, and not in the names of John A. J. Creswell, Robert Purvis, and R. H. T. Leipold, commissioners, &c. It was decided that the commissioners were not a corporation, and that they must sue in their own names. This view of the case is strengthened from the fact that the first twenty or thirty conveyances made to the commissioners were made in the name of the commissioners of the Freedman's Savings and Trust Company. It was decided in the court that these conveyances did not amount to anything; that we were trustees, and that the properties must be deeded over again in the individual names of Robert Purvis, John A. J. Creswell, and R. H. T. Leipold. That is all there is in that transaction.

ALLEGED PREJUDICE AGAINST MR. COOK.

Mr. PURVIS. Mr. Leipold evades the point under consideration. That which I wished to say was simply this, that he entertained a prejudice against Mr. Cook's being employed at all. When I called at the bank the next day, after we were obliged to submit to a non-

suit, and I made inquiry in regard to the results of the suit, Mr. Leipold, as is usually his manner (for he soon gets up a good deal of zeal and ardor), wished to justify himself in his feelings of hostility to Mr. Cook, by saying to me that "We should get competent counsel in this matter." Said I, "What is the matter?" "Why," said he, "we have been obliged to submit to a nonsuit in consequence of an interlineation in the notice that was served upon the magistrate." "What was it?" I asked. He said, "It was not an exact copy, and they took advantage of that fact and urged it, and the whole work has to be done over again?" The point he wished to establish in this, as an excuse for his ill-feeling, was that Mr. Cook was incompetent. I felt sorry about it, and endeavored to excuse the young lawyer by saying that it was probably an oversight; and I called immediately on Mr. Cook. Mr. Cook said that he had done nothing of the kind, he was sure about it; it would be impossible; and he sent over to the magistrate's office to get the notice. But I saw at a glance, and others will bear me out in the statement, if necessary, that it was in the handwriting of Mr. Leipold himself. His handwriting is peculiar; it does not require an expert to come to that conclusion; and Mr. Cook said, "Why you see whose handwriting this is." "Certainly I do," I replied. But to make assurance doubly sure, I went to the bank and there saw Mr. Sperry, and presented the paper to him. On looking at it he at once said, "Why a blind man could see that that is Mr. Leipold's handwriting."

Mr. LEIPOLD. Did you ask me about it?

Mr. PURVIS. No, sir; not at all. I did not want to come in contact with you. I believed it; and I believe it now, just as I did then. Well, Mr. Cook afterwards followed this matter up (because he saw this ill-feeling so unjustified against him), to Mr. Totten's office. So he informed me. The young man, however, one of his clerks, or a young man who was reading law in his office, I don't know which—said to me, "I know that Mr. Leipold did do it." However, I am sorry that the original cannot be found. There can be no mistake about it whatever. The impression on my mind is very clear, and I believed that the object of it was simply to justify Mr. Leipold in his prejudice against one of the best men I think that has ever lived. I am sorry that the original papers cannot be found.

Mr. LEIPOLD. So am I sorry, but even if that paper contained an interlineation, it does not go to prove that that was the only reason why the suit was dismissed. On the contrary, I have papers here before me which show the informality of the transaction.

Mr. PURVIS. No, sir; it proves that you made a blunder, and that you wished to charge it upon another and ground your opposition to him on that fact.

Mr. CAMERON. Well, every lawyer makes blunders. The lawyer who does not make blunders has not much business.

Mr. LEIPOLD. I did not consider Mr. Cook competent, that is true. He lacked experience.

TESTIMONY OF GEORGE W. STICKNEY.

WASHINTON D. C., *January* 31, 1880.

GEORGE W. STICKNEY recalled and examined.

THE JUAN BOYLE LOAN.

By Mr. GARLAND:

Question. The other day, when you were on the stand, a question was

asked you in reference to the loan made to Juan Boyle. You were not then clear in your recollection about it; will you state now, since you have had time to examine, what your recollection is about that? That is, there were two loans, one of $29,000, and one of $4,326, made on the 30th of June, 1874, after the bank was closed by order of the trustees?—Answer. Made on the 24th of June, 1874?

Q. Made on the 30th of June, 1874; that is the memorandum?—A. Well, it was not made after the bank closed; it was made before, but not entered on the books. I had entered it up, as I had entered up other things which had been lying over.

Q. Have you made an examination since you were last here?—A. Yes, sir.

Q. And you know that to be the fact?—A. Well, I know that to be the fact.

Q. That the loan was consummated before, but not put upon the record till after?—A. Yes, sir; it was a matter of fixing up a good many things, and I was busy at the time, and did not enter it up in the books, although the loan was consummated.

Q. Do you recollect if other loans have been made in that way—that is, perfected on a certain day, and not entered up till afterwards?—A. I cannot now recollect. This loan was made—at least part of it—on my own responsibility; and there was a fixing up of some things of Mr. Boyle's that laid over and we were working night and day, then, and the only reason it was not entered up, was because we were so very busy at the time. I supposed, when we made that loan, that the security I took would be ample to make it good; and I think it would have been, if Mr. Boyle and his partner had not got into trouble, and his partner sued him, &c.

OVERDRAFT IN THE ACTUARY'S ACCOUNT.

Q. You were asked, in your examination the other day, as to your own account—the overdraft?—A. Yes, sir.

Q. Have you examined that matter, so as to explain it to the committee?—A. I cannot explain it any further than I did the other day.

Q. Do the books you have examined bear any information on that subject?—A. I cannot find anything; that is, no other draft of that date—only the books tell that it was made on that day, as I understand it.

Q. It seems that all your drafts have been accounted for, except the thousand dollars which you drew as actuary?—A. Yes, sir; but that has nothing to do with my personal account. The thousand dollars that was drawn on the actuary's account was deposited in the bank on July 3d, and noted on the check-book I had: "Warner note." It was all done after the bank had closed. What it was for I have not been able to find out. I know I went directly to the bank, and went through the loan-clerk's account, and found that no money was drawn out of the bank after that.

Q. And you do not know the consideration for which it was given, except that it is indorsed the "Warner note?"—A. No, sir.

Q. Have you kept any memorandum or books in your own possession that have reference to that matter?—A. The only thing I had was the check-book; and I had torn the leaves out, and put them away; and that was the only thing I kept that on. There is a memorandum in the book of deposits: "July 3, Warner note": (exhibiting the memorandum.)

Q. It seems that that bank-book shows in your account of July 3, "balance $1,652.39?"—A. Yes, sir; that was the last amount drawn out. It was put to the credit of profit and loss; that was, however, after the closing of the bank.

Q. You think that this draft of yours, as actuary, has gone into that Warner account?—A. There is the draft that I drew out, and there is the stamp (showing it to Mr. Garland, who read the draft as follows): "Washington, D. C., July 11, 1874. Washington branch pay to the order of Warner note, one thousand dollars ($1,000). George W. Stickney."

Mr. STICKNEY. This is the entry of July 3 (indicating); this is the deposit (indicating).

Q. Well, July 11, 1874, is the date of the draft?—A. Yes, sir; July 11, 1874.

Q. On account of that note?—A. Yes, sir.

THE JUAN BOYLE MATTER.

By Mr. CAMERON:

Q. Mr. Stickney, Dr. Purvis, in his testimony the other day, stated, if I remember correctly, that Juan Boyle, who received bonds and other securities from the bank, to be sold for the purpose of raising money for the bank, from time to time retained amounts out of the proceeds of such sales, and that this amount that he appeared to owe the bank, at the time you have mentioned, was made up either in whole or in part from the amounts he had retained; is that your understanding of the matter?—A. Yes, sir; part of it was—not in whole, but in part.

Q. Are you able to state what amount of his indebtedness was made up in that way, or approximately what amount?—A. I think there were about ten thousand dollars made up in that way. There was a $4,326 note, and about $4,360 in bonds, I think it came to, as far as I could figure it up.

Q. If you are prepared to make any additional explanation, you can do so.—A. I do not know that I have any further explanation to make.

TESTIMONY OF FREDERICK G. BARBADOES.

WASHINGTON, D. C., *January* 31, 1880.

FREDERICK G. BARBADOES sworn and examined.

By the CHAIRMAN:

Question. Mr. Barbadoes, did you have a deposit-account in the Washington branch of the Freedman's Savings and Trust Company?—Answer. Yes, sir.

Q. It appears that there are two accounts in your name on the books of the bank; one your personal account, and the other your account as trustee?—A. Yes, sir.

Q. The books show both of these accounts to have been overdrawn?—A. Both of them?

Q. Yes, sir; the books show both of your accounts to be overdrawn; can you explain these overdrafts, or tell us anything in connection with them?—A. I have no knowledge of any such overdrafts. I cannot understand how any overdrafts could have taken place. My practice was to carry my book to the bank, and present the check, and have the amount entered in the book, and I never had any——

Q. The balances on the book were correct?—A. Yes, sir. I presume the balances on the book are correct. I never thought of the possibility of such a thing before.

Q. You refer to both accounts, do you—your account as trustee and your individual account?—A. Yes, sir; both accounts. It is a very singular thing. I was a depositor for something like seven years, I think, in that bank; and it is a very singular thing that this has just been discovered.

Q. Have you a pass-book?—A. No; I have not; the old pass-books are at the bank. I saw the one in which one of the accounts that are referred to is recorded, and I received a note from you to come to this committee room, and to bring such books, and papers, and drafts as I had; and I called there at the bank, presenting the only book I had in my possession which had the least thing in it, and my attention was drawn to what was supposed to be an overdraft. The pass-book showed that there had been a draft for four dollars, I think, and eleven cents. My account, as posted, showed that it had been originally so posted, but afterwards changed—scratched out—and four hundred and eleven dollars made of four dollars and eleven cents. That was the first knowledge that ever I had of any such thing having been thought of; and that is all I know about it. This error was in the personal account. At that time I had a very small amount there, and was using it only as I wanted it, from time to time—a few dollars at a time. I think there was nothing more than about twenty or thirty dollars as a balance at the time this was said to have occurred; but it is evidently an error, as the condition of the books showed. The pass-book is entered right, and if I could have found the check, if that had been in existence, it would have shown the same, I am sure; but as the account was posted, it is very evident that it was entered right at first, but scratched out—for what purpose I do not know—but erased, and carried over to the left side of the column.

By Mr. CAMERON:

Q. Your account as trustee is overdrawn, as it appears from the books, only two dollars. Now, it would seem that four hundred and eleven dollars was paid out September 6, 1871; and if you state that you did not get the money, somebody else must have got it. That amount, as appears from the books of the bank, went out of the bank, whoever got it. All that you pretend to say is, that you did not get it yourself. Is that your knowledge of the matter?—A. Well, the only entry in the pass-book that the bank had in possession at that date was for four dollars and eleven cents.

Mr. CAMERON. Yes, sir.

The WITNESS. The amount in the ledger as posted in my account was evidently entered right originally, but the proof of its having been altered is on its face, because that particular entry has been erased, and made four hundred and eleven dollars instead of four dollars and eleven cents. That is evident. I have seen both the pass-book and the ledger.

Q. It is entered as four hundred and eleven dollars in the journal and the blotter. The first entry, as I understand the matter, would be made in the blotter and carried from that into the journal. In these two books it appears as four hundred and eleven dollars. In your pass-book, as you state, it was only four dollars and eleven cents. There is a discrepancy, but I suppose it is impossible at this late day to explain it?—A. As to the trustee account having been overdrawn, there was a balance to my favor when the bank collapsed. I had two hundred dol-

lars to my credit in the bank, and I cannot understand that there would be an overdraft, when there is still a balance in the institution in my favor. I cannot understand that.

By the CHAIRMAN:

Q. Was that two hundred dollars the trustee account?—A. Yes, sir. The Senator said there was an overdraft on the trustee account of two dollars.

By Mr. CAMERON:

Q. Well, that is an error, I see, in looking over that. You seem to have been overcredited two dollars.—A. Yes, sir; my impression from my knowledge of the manner in which business was done in the bank is, that there was one book called the blotter, and I think the accounts were entered against individuals by their drafts, so that I do not think that the first book was used at that time. I had some knowledge of the way bookkeeping was carried on, and I never saw such a book in use there in the front part of the office.

Q. You were about the bank frequently?—A. Yes, sir; very frequently. I was there very often, and at one time was a member of the advisory board of the bank.

The CHAIRMAN. That is all, Mr. Barbadoes.

TESTIMONY OF JOHN O. EVANS.

WASHINGTON, D. C., *January* 31, 1880.

JOHN O. EVANS, sworn and examined.

By Mr. GARLAND:

Question. Mr. Evans, where do you reside?—Answer. I reside in Washington, in the District of Columbia.

Q. What was your occupation about the 2d of January, 1872?—A. I was in the lumber business and contracting.

Q. Alone, or one of a company?—A. Well, I was doing business as one of the company, and had some business of my own besides.

Q. What was the style of the company?—A. I think the style of the firm was Evans Brothers.

Q. Evans Brothers?—A. Yes, sir.

THE SENECA SANDSTONE COMPANY LOAN.

Q. Well, did you have any business relations with the Freedman's Bank at the time? If you did, state the character and history of that relation, as far as you can recollect.—A. I think that the first transaction that I had with the Freedman's Bank came about in this wise: Colonel Eaton, who was then actuary of the bank, came to see me one day and represented that the bank had made a loan to the Seneca Sandstone Company of fifty thousand dollars, and that they had as security seventy-five thousand dollars. Now, I may not be exactly right about that, but I think it was seventy-five thousand dollars of the bonds of that company, which he said were perfectly good; but that the affairs of the company seemed to have gotten a good deal mixed, and the newspapers were berating the bank on account of the loan; and it was discrediting the bank and he wished to change it, to put it in another form, until they could dispose of bonds which they held as collateral

for this loan, and wanted me to give a note—in other words, to make the loan myself, with Mr. Kilbourn. He said Mr. Kilbourn had talked with him, and was willing to do it, and it would be of great service to the bank to pay it in that way, because the bank was being discredited on account of this loan. He said there could not possibly be any risk about it, because the bonds were amply secured, and that the management would protect the transaction. Well, after consideration, we agreed to do it, and changed the form of the then loan. In fact, I do not know what the form was. I never saw it, and knew nothing of it, except from his representation. So we took from the finance committee and from Mr. Eaton, as actuary, an agreement that in case the bonds did not realize in time to pay the note when it should become due, that we should be held harmless and the note returned anyhow. That arrangement was signed by Mr. Eaton, as actuary, and by a majority of the finance committee. I think there were three members of the finance committee who signed it. The note was not paid by the sale of the bonds.

Q. It was not?—A. It was not; and when the transaction culminated, or when the note was finally due, I went to the then manager of the bank (I think Colonel Eaton had been retired), and asked for my note; and I had a good deal of difficulty in getting it; but after a while, after I had made my statement to the trustees and they had looked into the matter, the note was returned. No money ever passed to Mr. Kilbourn and myself in the transaction in any way.

Q. Neither of you got any money?—A. No, sir; not a dollar; at least, I speak for myself; and, so far as I know, Mr. Kilbourn did not get a dollar. I am sure there was no consideration paid for this thing. We did not get a dollar in any shape or manner.

Q. Well, now, what relation in business, or otherwise, had there been between you and Mr. Kilbourn?—A. Mr. Kilbourn and I were engaged in some contracts here.

Q. Under the firm-name?—A. No, sir; I was doing the business.

Q. And you state that no money was received by yourself out of these transactions?—A. Not a dollar.

Q. And you do not think that Mr. Kilbourn received any money?—A. I do not think he did.

Q. The papers show a mark that would indicate that it was paid.—A. I do not know about that.

Q. The accounts in the bank show that it appears to have been paid on the 12th of February, 1874.—A. I have no doubt at all but that is correct.

SURRENDER OF KILBOURN & EVANS NOTE.

Q. I wanted to know if it was paid in cash, or simply by the surrender of this note?—A. There was no cash passed in the transaction; I never paid a dollar or received a dollar in any manner.

Q. You said that you had some difficulty in getting your note surrendered?—A. Well, I believe that Colonel Eaton had died in the mean time; and the transaction was examined, and the trustees, or the then management, made some question about the form of the note, saying that they did not understand it; but after an investigation, I believe, they concluded that the statement I made at the time was correct, and returned the note.

Q. You had to take no legal steps to cancel that arrangement, or to get your note returned?—A. No, sir.

Q. Well, you said that was the first transaction; what was the second, or the next?—A. I do not recollect. I had transactions with the bank, regular transactions, loans, &c., and they were always paid with interest.

Q. Did you have any other transactions with Mr. Kilbourn?—A. Not with regard to the bank.

Q. No transactions with the bank whatever?—A. No, sir, I think not. I do not recollect any now.

Q. (Referring to Mr. Kilbourn's evidence before the Douglas committee.) Have you ever examined that?—A. No, sir; I have not.

Q. In that testimony, Mr. Kilbourn says, "The note of Kilbourn & Evans was given as an accommodation to the bank, by allowing the loan to appear in their name instead of in the name of the Seneca Sandstone Company."—A. Yes, sir.

Q. Well, do you corroborate that testimony?—A. Yes, sir; I believe that is correct.

Q. That is true, as a matter of fact, is it?—A. Yes, sir.

Q. In other words, it was purely an accommodation transaction on your part, and was so understood at the time, was it?—A. Yes, sir; it was purely an accommodation matter, and was so understood by the officers of the bank and by ourselves.

Q. This agreement that you refer to as being made with the finance committee, was that made in your presence, Mr. Evans?—A. Yes, sir; I think Colonel Eaton made it in my presence, and signed it in my presence, and I think that the whole thing was complete before the note was delivered; and the face of the note called attention to the agreement.

Q. Who was present when the agreement was made?—A. I do not recollect; it has been so long ago.

Q. Do you recollect in that transaction whether you or Mr. Kilbourn deposited any bonds of the Seneca Sandstone Company?—A. No, sir; we did not have any bonds; I never saw any of the bonds of that company.

Q. You had nothing to do with the bonds or stock of that company?—A. I will say that I never had a dollar's worth of stock in that company, in any shape or manner. I had not any relations with them at all at that time.

Q. Do you know whether Mr. Kilbourn had deposited any?—A. I do not think that he had, sir; I think Mr. Eaton's statement was that he had the bonds—I think seventy-five thousand dollars of the bonds of the company.

Q. But they were not put there by yourself?—A. No, sir; they were not.

Q. Nor by Mr. Kilbourn?—A. I am quite sure not, because Mr. Kilbourn and myself discussed this matter, together with Colonel Eaton, and he said that they had the bonds in their possession, and that he considered them ample security for the loan.

Q. There was, then, if I understand you, no consideration whatever, passing over to you and Mr. Kilbourn for the part you took in the transaction; it was purely an accommodation on your part?—A. There was no consideration of any kind; not a dollar in any way. And I will say further, that I never got a dollar from the Freedman's Bank that I did not pay back in full, with interest, and a pretty good interest, at that. I never had an accommodation from that bank that I did not pay for at a large rate of interest.

KILBOURN & EVANS NOTE AN ACCOMMODATION TO THE BANK.

By the CHAIRMAN:

Q. You say that you gave your note as an accommodation. To whom, I will ask you; to the board of trustees?—A. To the board of trustees, as I understand it. This transaction was honest and carried through with the actuary and the finance committee. This agreement made by Colonel Eaton with us was approved by the finance committee, in writing, before the note was delivered, and before the transaction was consummated. We required that, for our protection.

Q. It was stated by one or more members of the board of trustees, that they knew nothing about the transaction; that they were not consulted, and knew nothing of the transaction; hence I asked you if this agreement was made by the board of trustees as well as by the officers of the bank?—A. Whether the board of trustees were consulted or not, I do not know. I never met them as a board; individually I saw several of them, and they had a knowledge of the transaction. I do not recollect now, by name, what members of the board I saw, but the matter was discussed by the officers of the bank openly.

Q. Can you state what members of the finance committee you conversed with touching this matter?—A. I suppose that I must have had conversation with members of the finance committee.

Q. The members of the committee who signed the agreement and approved of it?—A. Yes, sir.

Q. And you cannot recall their names?—A. Well, I think, my recollection is now, that Mr. Clephane was one; Mr. Tuttle another, and Mr. Huntington the third. I think that those three gentlemen approved it in writing; that is my recollection, but I may be wrong about it; but I think that is it.

By Mr. CAMERON:

Q. Do you know, Mr. Evans, as a matter of fact, whether Mr. Kilbourn had had transactions with the Freedman's Bank, prior to the transaction of which you have been speaking?—A. No, sir; I do not, whether he had or not. I have no knowledge of that. He did not have any in which I was interested in any way, or that I could have had any knowledge of.

Q. This obligation, then, you say, was assumed by you without any consideration whatever, merely to accommodate Mr. Eaton?—A. Yes, sir; and as I understand it, it was put very plainly, that it was for the accommodation of the bank, to give them time to turn these securities, and to protect their credit. That was the idea I had of it at the time.

By Mr. CRESWELL:

Q. Mr. Evans, do you know anything about the other collaterals that were given at the time—that is, other than the seventy-five thousand dollar bond?—A. Yes, sir; there were other collaterals.

Q. Who furnished these collaterals?—A. I furnished a portion, and Mr. Kilbourn furnished a portion.

Q. What became of these collaterals?—A. They were returned with the note, according to the agreement.

Q. Well, the books of the company show that at the time of this secret agreement, the twenty thousand dollars first-mortgage bonds of the Seneca Sandstone Company disappeared, and that in lieu of them, $16,000 of the second-mortgage bonds were placed with the company, in care of Mr. Eaton. Do you know what became of these?—A. No,

sir; I never saw a bond of the Seneca Sandstone Company in my life, that I recollect. I have no knowledge of that part of it, at all. Mr. Eaton said they had the bonds, and it is so stated in the agreement.

By Mr. GARLAND:

Q. What was the character of these collaterals—individual notes?—A. No, sir; some stocks, or something of that kind; I have forgotten just what they were.

Q. They were all withdrawn with the note, under that agreement, were they?—A. Yes, sir; they were all withdrawn under that agreement.

TESTIMONY OF JOHN L. KIDWELL.

WASHINGTON, D. C., *January* 31, 1880.

JOHN L. KIDWELL sworn and examined.

By Mr. CAMERON:

Q. Where do you now reside, Mr. Kidwell?—A. Georgetown.

Q. Where did you reside in the years 1870, 1871, and 1872?—A. In Georgetown, sir.

Q. What was your occupation at that time?—A. Druggist, sir.

Q. What relation, if any, did you sustain at that time, or at any time, to the Maryland Free Stone Mining and Manufacturing Company, commonly called the Seneca Stone Company?—A. What particular date do you refer to?

Q. The years 1870, 1871, and 1872.—A. I was the president of it at that time, sir.

THE SENECA SANDSTONE COMPANY.

Q. State, if you please, what that company was organized for, and what property, if any, was owned by the corporation at that time; generally, of course, I do not expect you to go into particulars.—A. The property known as the Seneca Sandstone Company was bought by me individually. I sold an interest in it to Mr. Dodge and Mr. Cooke afterwards. We spent quite a sum of money besides the purchase of the property in its development. We then made an organization of it into a company, and proceeded to work it on a large scale, and spent a very large sum of money on it.

Q. It appears that the Seneca Sandstone Company, as it is commonly called, made a number of loans from the Freedman's Bank. Will you please state what loans were made by the Seneca Sandstone Company from that bank; when they were made, as near as you can, and on what securities?—A. The financial matters of the company, by a vote of the directors, were placed in the hands of Messrs. Cooke and Huntington; they had all the management of the money matters. The first-mortgage bonds, $100,000, were paid us as part of the purchase-money. The second-mortgage bonds went into the hands of Messrs. Cooke and Huntington, and from time to time we made loans of the First National Bank; and my impression was, my understanding was, that these second-mortgage bonds of one hundred thousand dollars were held by them as collateral for that loan. Some time afterwards it came to my knowledge that instead of the First National Bank making these loans that Messrs. Cooke and Huntington had transferred the loans over to the Freedman's Bank.

Q. Right there, what connection did Cooke and Huntington have with the First National Bank at that time, if any?—A. Well, I think they were trustees of the bank at that time, sir; and in my official capacity as president of the Seneca Sandstone Company I thought that loans were being made by the First National Bank, but appears that they were made by the First National Bank, the loan being transferred afterwards to the Freedman's Bank. Mr. Huntington being financial agent of the company had the whole hundred thousand dollars of the second-mortgage bonds, and when the transaction came to my knowledge that the bank itself had made the loan, I found that the bonds were deposited there as collateral.

Q. Did you have any personal knowledge, at the time, of the loan of $4,000 made to your company by the Freedman's Bank on the 18th of May, 1870?—A. I never had any transaction with the Freedman's Bank during my term of the presidency that had any reference at all to the freestone quarry. I never had, nor did I know of, any transaction with them on any private account. I did find after Mr. Huntington's death a little due bill which I gave him, which I will explain to the committee, if they desire, which was in the hands of the Freedman's Bank, which I paid afterwards.

Q. Well, did you at that time have any knowledge of these transactions made by Mr. Huntington and Mr. Cooke with the Freedman's Bank and your company?—A. No, sir; I had no knowledge of them. As I tell you, all the financial transactions were made through Mr. Cooke and Mr. Huntington, and I thought the accommodations the company was getting—these bonds being in the hands of Mr. Huntington—were made by the First National Bank. I was getting no pay, and Mr. Cooke's brother-in-law was superintendent of affairs, and was getting very handsome pay while I was getting none; and the transaction was carried on without my knowledge, and certainly it would have been without my consent if I had known it at the time.

Q. It appears that the Freedman's Bank, on the 25th of July, 1870, purchased twenty thousand dollars of the first-mortgage bonds of the Seneca Sandstone Company. What, if anything, do you know of that transaction? And first, what did you know of the transaction at the time it occurred, and what information have you since?—A. Well, my recollection is, that that is an entire mistake. I cannot understand, if Mr. Huntington or Mr. Cooke made that transaction with the Freedman's Bank—I cannot understand from what source the twenty thousand dollars of first-mortage bonds came. Now, there is a possibility that Mr. Cooke may have been the holder of twenty thousand dollars of bonds. He might have used his own private bond to have deposited there as collateral. It is possible Mr. Huntington may have held $20,000 from some source, and they might have been deposited there as collateral, as the property of the company.

Q. The books of the bank show that it was an actual purchase by the bank of that amount of the first-mortgage bonds?—A. I cannot give you the particulars; I have no knowledge of the transaction; I think it is an error. Yet I am not positive, because Cooke and Huntington might have conducted the transaction without my knowledge.

REPURCHASE OF THE SENECA BONDS FROM THE BANK.

Q. It appears from the books of the bank that these bonds were purchased by you?—A. By me?

Q. Yes; that appears from the books of the bank; that you repurchased these bonds of the Freedman's Bank?—A. Repurchased them? Gave what for them?

Q. Repurchased them from the bank?—A. That is an error, sir.

Q. This entry appears on the bond book of the Freedman's Bank, January 9, 1872:

NOTE.

Mr. John L. Kidwell, on the 9th of January, repurchased these bonds, paying for them, in cash, 90 cents on the dollar, $18,000.

With interest on that amount at ten per cent. from July 26, 1870, date of purchase from this company, less the amount of coupons which had matured while the company held them.

Bonds	$18,000
Interest	2,580
Total	20,580

Less gold coupons.

Mr. KIDWELL. I have no knowledge of that transaction at all; there must be some mistake about it. It is possible that Mr. Cooke and Mr. Huntington may have had the transaction and used my money, as I was president of the company. It appears as if they had used it in my private capacity, but I had no knowledge of it.

Q. Did you have a knowledge that any person was making that transaction for you?—A. I did not know the bonds were deposited there; I cannot say whose bonds they were.

By Mr. GARLAND:

Q. Did these gentlemen have any authority, written or otherwise, to use your name in that way?—A. No, sir; certainly not. If they had used it there in a private capacity, they had not. I had no transaction with the bank by which I deposited twenty thousand dollars of first-mortgage bonds.

By Mr. CAMERON:

Q. It would seem from this entry in the handwriting of Mr. Eaton, actuary of the bank at that time, that you, on the date named, paid to him $20,580; did you pay him that amount or any other amount?—A. No, sir.

Q. It seems from an entry or entries on the books of the bank that on the 9th of January, 1872, the same date of the other transactions to which I have referred, that you received from Mr. Eaton seventy-five thousand dollars of the second-mortgage bonds of the Seneca Sandstone Company. What information, if any, can you give us in regard to that?—A. Although president of the company, and signing the bonds, I never had any of the second-mortgage bonds in my possession, or handled them at all.

WITNESS' RECEIPT OF BONDS FROM THE BANK.

Q. Well, did you receive the seventy-five thousand dollars, according to your recollection, individually, or in your capacity as president?—A. Neither, sir.

Q. Will you please look at that paper [exhibiting receipt].

FIRST NATIONAL BANK.

H. D. COOKE, *Pres't.*
W. S. HUNTINGTON, *Cash'r.*
H. C. SWAIN, *Ass't Cash'r.*

WASHINGTON, D. C., *January* 9, 1872.

Received of D. L. Eaton, actuary, seventy-five thousand convertible bonds of the Maryland Mining and Manufacturing Company, which were held as security for two certain notes of said company; one for $27,000, dated May 18, 1870, and one for $4,000, dated June 7, 1870.

JNO. L. KIDWELL, *Pres.*

A. [Witness, after reading it.] That is my writing, sir, and I presume that is Mr. Huntington's writing; and I presume he brought it to me and had me sign it in some transaction with him.

Q. That is your signature, sir?—A. Yes, sir.

Q. Well, what is your explanation of it?—A. I presume he carried through the transaction and brought it to me for my signature.

Q. Were you in the habit of signing any papers that Mr. Huntington asked you to sign, without knowing what they were?—A. It appears that I signed that, sir. I do not deny my own signature. He may have given me some reason at the time that induced me to sign it. I was never brought in contact with the bank in any way. If I, in my official capacity, signed any note that was used by the bank, it was for Mr. Huntington that it was done. I had no connection with the bank in any way, in any of its transactions.

Q. Now, it appears from that receipt that you received, in your capacity as president, seventy-five thousand dollars second-mortgage bonds of the Seneca Sandstone Company. That would seem to charge you with these bonds. Now, that is a considerable amount, and would you not hesitate to sign it without having the bonds and without knowing how you were going to rid yourself of the responsibility?—A. All I know is, sir, that I think that is my signature. I had no idea of the transactions in any way, shape, or form; yet I think it is my signature. I cannot explain it to you in any way at all.

By Mr. GARLAND:

Q. Was there any explanation given to you by Mr. Huntington or the person who brought that paper to you to sign?—A. There is a possibility of that, sir; but I have no recollection about it.

Q. You cannot call it to mind at all?—A. No, sir. Such a paper was never presented to me before; it has been a long time since.

Q. It is written on a letter-sheet with the printed heading: "First National Bank?"—A. It evidently has been done in the First National Bank, by Mr. Huntington, cashier.

Q. Had all recollection of signing that passed out of your mind till this morning?—A. Entirely, sir; I never heard of it before; yet it looks like my signature; I cannot imagine why such a paper should have been signed. The bonds were never out of the possession of the Freedman's Bank, that I know of.

By Mr. CAMERON:

Q. In whose writing is the body of the receipt, Mr. Kidwell?—A. That I am not able to say; it is possibly Mr. Huntington's.

Q. Are you familiar with Mr. Eaton's handwriting?—A No; I am not familiar with his handwriting at all. All I know is that it looks like my signature.

TRANSFER OF THE SENECA LOAN TO MESSRS. KIDWELL & EVANS.

Q. It seems that the loan made by the Freedman's Bank to the Seneca Sandstone Company, was transferred to the account of Kilbourn & Evans on the 2d of January, 1872. What, if anything, do you know in regard to that transfer?—A. I had no knowledge of it at the time; I heard afterwards that it was completed, and my idea is that Messrs. Kilbourn & Evans simply did it to accommodate General Eaton; I do not think they got any consideration for the transaction.

Q. Did you at any time have the bonds referred to in that receipt, or any of them, in your possession?—A. Never. Mr. Huntington was custodian of all these bonds. I have never had them in my possession.

Q. Mr. Huntington and Mr. Cooke, you say, attended to the financial affairs of the bank?—A. Entirely, sir.

Q. You were president during all that time and had no personal knowledge of these financial transactions; is that what you say?—A. No, I do not say that, sir. I say, I had a great deal to do with the sale of the stone and things of that kind; I had a great deal to do with the collection of money; but the treasurer, who was Mr. Cooke's brother-in-law, would carry his money matters all to them, and when accommodations were to be procured, procured them through Mr. Huntington and Mr. Cooke. He was getting five thousand dollars a year, and I was getting nothing. I was engaged in active business, and I left everything to them.

Q. How long did the company continue to do business, as near as you can remember the length of time?—A. Well, I think perhaps four years; I am not exactly positive about dates.

Q. Is the company still in existence?—A. No, sir; well, it is in existence.

Q. It never has been dissolved?—A. Never dissolved. There is some suit at court to foreclose the mortgages.

Q. On the property?—A. On the property; yes, sir.

Mr. KIDWELL. I would like to ask whether the books of the company show, about that date, any further transactions? Was this received and redeposited and another note given at that particular time?

Mr. LEIPOLD. [Answering.] That is the date when the note of Kilbourn & Evans was taken in the bank; and in the agreement which was executed at the time, that note was transferred to the bank; that was the date the transaction was consummated. There is mention made in the agreement of seventy-five thousand dollars second-mortgage bonds.

Mr. KIDWELL. Yes.

Mr. LEIPOLD. Presumably the same bonds that you receipted for.

Mr. KIDWELL. Yes, sir; that I receipted for. Well, at that date, were not the seventy-five thousand dollars of bonds yet on deposit with the Freedman's Bank?

Mr. LEIPOLD. That I do not know.

THE BONDS NEVER IN POSSESSION OF MR. KIDWELL.

Mr. KIDWELL. I want to show, gentlemen, that I did not receive these bonds to complete this transaction, of which I have no knowledge. Mr. Huntington might have said to me, that to complete some transaction I had to receipt for these bonds and that they would be redeposited again. I want to make it clear before the committee that I never received

these bonds. Now, in this transaction, of which I had no knowledge—the transaction of Kilbourn & Evans—the bank says they have the bonds on deposit. Well, if they have the bonds on deposit, I have them not.

By Mr. CAMERON:

Q. You mean that they could not be in both places?

Mr. KIDWELL. Yes, sir.

Mr. LEIPOLD. No, you are mistaken about that. The agreement says that Kilbourn & Evans had deposited these bonds; the impression being that you received them and turned them over to them, and that you gave them to Mr. Huntington and they went into their hands.

Mr. KIDWELL. No, sir; I never had these bonds in my possession. I do not believe they were ever out of the hands of the actuary of the bank. In that connection there may have been some reason why I signed that paper. I do not know. It is certain I never received those bonds.

By Mr. GARLAND:

Q. Mr. Leipold, you knew Mr. Eaton in his lifetime; did you ever see him write?

Mr. LEIPOLD. I think not.

Mr. GARLAND. Have you had opportunities of knowing his handwriting?

Mr. LEIPOLD. Yes, sir.

Mr. GARLAND. You would know it from having received letters written by him, would you?

Mr. LEIPOLD. Yes, sir; and from his handwriting on the books of the bank.

Mr. CAMERON. I have no doubt that Mr. Stickney is familiar with Mr. Eaton's handwriting.

Mr. STICKNEY. We are all familiar with it.

Mr. CAMERON. Mr. Leipold, you recognize that as Colonel Eaton's handwriting, do you not?

[Showing receipt as above.]

[Mr. Stickney, Mr. Purvis, and Mr. Leipold all recognized the handwriting to be that of Colonel Eaton.]

Mr. GARLAND. Colonel Eaton was then actuary of the bank on the 9th of January, 1872?

Mr. STICKNEY. Yes, sir; he was actuary until August, 1872.

Mr. LEIPOLD. Yes, sir; he was actuary at that time.

Mr. CAMERON. If you desire to make any further statement, Mr. Kidwell, in regard to the transactions of the Seneca Sandstone Company with the Freedman's Bank, you are at liberty to do so.

Mr. KIDWELL. I have no other statements to make. If the trustees of the bank desire to ask me any questions I am here, gentlemen, to answer in regard to anything I have any knowledge of.

Adjourned to February 5, 1880.

COMMITTEE ROOM OF THE SENATE
SELECT COMMITTEE OF THE FREEDMAN'S BANK,
Washington, D. C., February 5, 1880.

The Select Committee of the Senate on the Freedman's Savings and Trust Company met this day in the committee-room of the Senate Committee on Manufactures, at 10 o'clock a. m.

Present, Messrs. B. K. Bruce, (chairman), Angus Cameron, and A. H. Garland.

TESTIMONY OF C. A. FLEETWOOD.

CHRISTIAN A. FLEETWOOD sworn and examined.

By the CHAIRMAN:

Question. Mr. Fleetwood, what have been your relations to the Freedman's Bank; when did they begin and when end?—Answer. I entered the service of the bank on the first day of July, 1871, and have continued in its service up to the present time.

Q. You mean to say you were continued in the service of the Freedmen's Bank up to the time of its close?—A. Yes, sir; up to the time of its suspension.

Q. You have not been connected with that institution since its suspension, have you?—A. Yes, sir; since that time I have been in the employ of the commissioners.

Q. Did you balance the pass-books of depositors with the books of the bank in all cases?—A. I beg pardon, I did not hear the question.

Q. Did you balance the depositors' pass-books with the books of the bank in every case?—A. No, sir. I will explain further that I was there as bookkeeper for a portion of the time; I do not remember exactly how long, but I first entered the Washington branch as its bookkeeper. I served in that capacity, I think, until the latter part of the year 1872, when I was appointed paying-teller. While I was bookkeeper it was generally my duty to balance the pass books, but there was always a large part of that time when books were being transferred; that was done under the supervision of Mr. Sperry, the inspector; and there were also occasional books balanced by some other gentlemen connected with the bank; but while I was bookkeeper that was generally my duty—that is between July 1, 1871, and say January 1, 1873—the time I do not remember exactly.

THE R. W. TOMPKINS ACCOUNT.

Q. Do you know anything of the account of R. W. Tompkins?—A. I do not, except generally; I knew of the existence of that account.

Q. Will you state what position Mr. Tompkins held in the bank?—A. He was one of the bookkepers, the principal bookkeeper, after I was made paying-teller. He came there first as an assistant.

Q. Was he assistant bookkeeper during the time that you were bookkeeper?—A. Yes, sir.

Q. But when you became paying-teller he became principal bookkeeper?—A. Yes, sir.

Q. Have you personally ever examined his account or ever made any entries therein, whether of deposits or drafts?—A. It is very likely that I have; I can scarcely answer that question positively now, but it is very likely that I have done so. My recollection is—well, the fact is I have not looked at the account at all for some time. My attention was called to it by one of the gentlemen connected with the examination of the books, but I do not at this moment remember whether my handwriting appears in that part of the book or not. I should rather think though that I had made some entries in it.

Q. But you have not had occasion to examine it since you severed your connection with the bank?—A. I have looked over the account recently.

Q. You say that you have recently examined the account?—A. Yes, sir; but just at this moment I cannot say about the entries. All my impression is that a number of them will be found in my own handwriting.

Q. Do you know anything of an overdraft in Mr. Tompkins's account?—A. I do not; that is, I know nothing of it myself. I have been told of the existence of that overdraft, but I do not know of it of my own personal knowledge.

Q. You say that you were employed by the commissioners after the suspension of the bank?—A. Yes, sir.

Q. Do you know what was the condition of Mr. Tompkins's account at the time the commissioners took charge of the affairs of the Freedman's Bank?—A. The condition of his account at that time, so far as I know from the books, was that there was a balance in his favor of some, as near as I can remember, some twelve hundred dollars, about twelve hundred dollars, somewhere in that neighborhood—over a thousand dollars I am certain, and I think under thirteen hundred; it was somewhere in that neighborhood.

Q. Please make that statement again.

Mr. FLEETWOOD. I say, there was an apparent balance in Mr. Tompkins's favor at that time of about twelve hundred dollars. I am not positive, however, for I have not refreshed my memory at all on that matter.

Q. Some of the entries appear to have been made in your handwriting?—A. That is very likely, sir.

Q. When the commissioners took charge of the affairs of the bank, did they find this account closed?—A. No, sir.

Q. It was not closed?—A. No, sir; there was a small balance remaining.

Q. An apparent balance, you say?—A. Yes, sir.

Q. Had Mr. Tompkins a balance to his credit?—A. An apparent balance, yes, sir.

Q. There appears, Mr. Fleetwood, a large number of drafts made by depositors, wherein you filled up the checks and signed the names of the depositors; do you remember having done this in any case?—A. Yes, sir.

Q. Will you state the circumstances under which you did this?—A. It was the practice of the bank, where parties could not write their own names, to have a form of receipt prepared and the paying teller, or whoever paid the drafts, signed the name of the depositor in such cases, and entered the draft at the same time on the pass-book.

Q. Well, who attested the signature, or the mark, of these persons who could not themselves write their names; did anybody attest these signatures?—A. It was simply to write the name of a depositor there. The entry on the pass-book was considered the safeguard of the company, the voucher of the company; the depositor retained his pass-book and the teller, or whoever paid the check, if the party could not write, signed the name and the receipt, and that was filed in the bank.

THE ACCOUNT OF D. W. ANDERSON.

Q. Will you state what you know of the account of D. W. Anderson in which there is an over-draft of six hundred and thirty-two dollars; whether the account was made up by you; what connection you had with it, and all the circumstances?—A. That account was balanced by me; the book was made up, I do not know just at what time—at any

rate, the account was balanced to the 1st of January, 1872. In transferring the account from the old book to a new book, instead of deducting the drafts on the account that had been made prior to that time, the sum total of the deposits was carried into the new book, and a note draft on the account was made of some six hundred and thirty-two dollars—that was the amount of drafts that had been drawn at that time—but by some error instead of carrying the balance to the new account, the footings of the deposits were carried into the new book, and I suppose that the error was made in the rush and haste of business that prevailed at that time.

Q. Was this error made by you?—A. That was done by me; yes, sir.

Q. Could an error of that kind and of so large an amount be made without its being discovered in making up your balance?—A. There were no balances made; there was no system of checking accounts in the bank. It was impossible to have any, that is with the force that was employed.

Q. This, then, is an account in which you by mistake did not charge the amount which had been drawn by a depositor, but credited him with all he had deposited?—A. Yes, sir.

Q. And in this way the bank lost six hundred and thirty-two dollars?—A. Yes, sir.

Q. That was the amount Mr. Anderson had drawn, was it?—A. Yes, sir.

HOW ERRORS IN BOOKKEEPING OCCURRED.

I would like to state, Mr. Chairman and gentlemen of the committee, in reference to these errors. There are but few errors that have been brought to my attention—only a few—that is, speaking of the accounts of the Washington branch, that are due to me. At the time I went into the branch the books showed the number of depositors to be some seven thousand odd. Within a year from that time there were over twelve thousand depositors. The most of these accounts were, of course, active accounts on the books of the branch. They were contained in seven different books—ledgers. I had no assistance in posting these accounts, as I think the books will show that the entries all along there are made entirely in my handwriting. The business of the branch made it impossible for me to post these accounts during office hours. All the posting in the ledgers was made after office hours in the bank, and it was impossible to do it through the day, because the current work kept me busy during the whole day. It was to be expected, in fact it was unavoidable, that some errors should have crept into the books under those circumstances. No man who is born could have prevented it. It was my custom to work at the office from half past eight in the morning until nine, ten, and twelve o'clock at night, and frequently to carry work home with me—pass-books, and matters of that kind, to write up. Under these circumstances, I think any one can perceive that with only a few errors, it was not any more than might have been expected.

By Mr. CAMERON:

Q. How much experience did you have as bookkeeper before you went into the branch?—A. I had not had any actual experience in bookkeeping before going into the branch, since 1863. I had had no practical experience in bookkeeping since that time. Before or about the time of the outbreak of the war I was keeping books for a firm in Baltimore, and I remained with them up to the time of my enlistment

in 1863. I went into the Army and was mustered out in 1866. I was employed at the time I went into the bank in the City Hall here as cashier of licenses, but of course there was no practical bookkeeping in that. I had only my office bookkeeping at that time; still I understood the system—there is no doubt about that. It was only from the fact that there was so much work to do, and with no system of checks it was impossible for any human being to prevent making errors.

Q. Did you represent to the officers of the bank that there was more work in your department than you could attend to?—A. Well, I could not say that there was more work than I could attend to.

Q. Well, more than you could properly attend to?—A. Yes, sir. I frequently stated to the officers of the bank that I thought I ought to have more assistance.

Q. Why did they not furnish you more assistance; what reason, if any, did they give for not doing so?—A. They said they could not afford it.

Q. They thought that they could afford to have these mistakes made better than they could afford to employ sufficient clerical force?—A. Well, I suppose mistakes are made in any institution. I learned of an occurrence the other day in one of the best-appointed companies in the country, I think, where the bookkeeper in balancing an account transferred it and made precisely the same error that I made under the rush of business.

CONDUCT OF COMMISSIONERS TOWARD DEPOSITORS.

Mr. LEIPOLD. I would like permission to ask Mr. Fleetwood a question or two.

The CHAIRMAN. Certainly, Mr. Leipold.

Mr. LEIPOLD. You have been in the employ of the commissioners since the transfer of the affairs of the bank to them?

Mr. FLEETWOOD. Yes, sir.

Mr. LEIPOLD. Can you tell, from your own personal knowledge, upon whom the great bulk of the labors arising from the settlement of the affairs has rested since you have been there?

Mr. FLEETWOOD. Yes, sir.

Mr. LEIPOLD. Will you state that for the information of the committee, if you please?

Mr. FLEETWOOD. I will state that they were upon you, Mr. Leipold.

Mr. LEIPOLD. Did you ever know me, in the discharge of my duties at the bank, to show any discourtesy to any of the depositors of the bank?

Mr. FLEETWOOD. No, sir; I cannot remember any instances of discourtesy to depositors. I can remember sometimes you have been a little rough on people who owed us money—the debtors of the bank. I cannot, at present, recall any instance of discourtesy on your part to depositors.

Mr. LEIPOLD. I do not deny that I have had a good deal of trouble with that class of visitors. You would be likely to know if I had been uniformly discourteous to depositors in answering the questions made to me at the bank, would you not?

Mr. FLEETWOOD. Well, I was about all the time, and I am pretty sure that I would be very likely to remember it if it had occurred; but I do not remember any such instance at present, sir.

Mr. LEIPOLD. That is all.

By Mr. GARLAND:

Q. Who appointed you to this place; from whom did you get your appointment as book-keeper on first entering the bank?—A. I really cannot tell, sir. The bookkeeper whom they had was appointed cashier of the branch at Lynchburg. He came to see me and told me he was going away and said that I ought to send in an application for his place, that he thought I could get the place; so I sent in the application, and when he left to go to Lynchburg I went in; but by whom the appointment was made I am not able to say. I think that that matter was in charge of some committee of the trustees, or of the board of trustees, and that they acted upon these matters.

Q. And you were continued along by the commissioners after they took charge of the institution?—A. Yes, sir.

Mr. PURVIS. He is still there.

By Mr. GARLAND:

Q. You are still in the employ of the commissioners at the bank?—A. Yes, sir.

TESTIMONY OF R. W. TOMPKINS.

WASHINGTON, D. C., *February* 5, 1880.

R. W. TOMPKINS sworn and examined.

By Mr. GARLAND:

Question. Where do you reside, Mr. Tompkins?—Answer. At 900 E street, southwest.

Q. In this city?—A. Yes, sir.

Q. How long have you resided in Washington?—A. Nearly thirty-three years; I was born here, in fact.

Q. What is your business now?—A. I am at present temporary clerk in the office of the collector of taxes.

Q. For the District here?—A. Yes, sir; for the District of Columbia.

Q. What position, if any, did you hold in the Freedmen's Bank?—A. I first held the position of assistant bookkeeper in the Washington branch of the Freedman's Bank, and after Mr. Fleetwood's promotion to the position of paying teller I was made principal bookkeeper.

Q. When did your connection with the Washington branch commence, and how long did it continue?—A. I think it commenced February, 1872—I think that was about the date of my entrance—and I continued to be bookkeeper up to October, 1873—October or November, I disremember which.

Q. What part of the time were you principal bookkeeper?—A. I think I took charge of the books wholly—well, let me see——

Q. As near as you can remember; I don't expect you to be strictly accurate; about what time?—A. Well, as near as I can call to mind, I think it was some time in the spring of 1873—I do not know the month.

Q. And you continued until November of that year?—A. Yes, sir; somewhere in that vicinity.

DUTIES OF THE PRINCIPAL BOOKKEEPER.

Q. State generally what your duties as principal bookkeeper were?—A. Well, my duties were, first, to examine the accounts of depositors. When a check would be presented for payment the paying-teller would refer it to me or my assistant to state as to the condition of the account.

I always had it as a part of my duty to balance the pass-books. It was also my duty to write up what we called the journal-ledger—the journal which contained the entries of all checks paid—it was a record, rather, of all checks paid.

Q. You had then the supervision and control of the books of the bank during the time you were the principal bookkeeper?—A. Well, I had the control to some extent—not the entire control.

Q. Subject to the actuary?—A. I was under the instructions of the actuary and the cashier, both.

Q. Did you yourself have a deposit account with the bank?—A. Yes, sir.

Q. About when did your account with the bank commence?—A. It commenced, I think, in the year 1870. I made the first deposit with the bank that year.

Q. How did your deposit account appear at the time of the failure of the bank—as to whether you were a creditor or a debtor of the bank at that time?—A. It appeared that I was a creditor of the bank.

Q. Did you examine and balance your own account previous to the time that the present commissioners assumed control of affairs?—A. No, sir. I do not think I ever balanced my own account.

Q. Who had charge of your account?—A. No one especially, but Mr. Augusta, who was assistant bookkeeper at the time. The first time it was balanced it was balanced by Mr. Fleetwood.

Q. Well, who balanced it prior to transferring the books and business of the bank to the commissioners?—A. I have been under the impression, recently, that Mr. Hill, one of the gentlemen employed by the commissioners to assist them in their work, balanced it—that he was the man; but from a recent letter received from Mr. Augusta, he states that he (Mr. Augusta) balanced the account.

Q. When the account was balanced were the checks or other vouchers returned to you; was that the practice of the bank?—A. Yes, sir; that was the practice of the bank.

Q. Do you remember, as a matter of fact, that in your own case they were returned to you or not?—A. Well, I really cannot say; my pass-book had been running along for a good while without being balanced. I had made a great many deposits in the bank and drew out a good deal, and my book was turned in, and it was balanced so that I knew about what my balance was; and in balancing it, it was closed out, the entries having been filled in with the deposits and checks which had accumulated during the interval of the last balance, and a new book was issued to me by the bank showing only the balance that was due. However, I examined the old book, as was always allowed and was the custom; and after examining and satisfying myself of its correctness, it was surrendered to the bank and a new book given to me in lieu of it.

Q. What did the new book show that the state of the account was at that time?—A. The new book showed a balance to my credit of between one and two hundred dollars; the exact figures I cannot remember.

Q. That is at the time your book was finally balanced up?—A. Yes, sir.

ADDITIONAL TESTIMONY BY MR. FLEETWOOD.

C. A. FLEETWOOD recalled.

The CHAIRMAN. Mr. Fleetwood is on the grand jury, and has asked permission to add a word to his testimony.

The CHAIRMAN. You are at liberty, Mr. Fleetwood, to make any additional statement you desire to make.

Mr. FLEETWOOD. I merely wish to say in connection with my reply to the questions just put to me, that it would seem as if my signing checks of deposit had application to the Anderson account; all the checks on that account were signed by Mr. Anderson; none of them by me.

By Mr. CAMERON:

Q. Mr. Anderson was able himself to write, was he not?—A. Yes, sir; and the filling up of the checks in that case, at least several of them, was done by different parties. There was one check filled up by me for twenty dollars, and all the checks on that account were signed by Mr. Anderson himself, but none by any other party. It was only in cases where depositors could not write that the signing of checks was done by the teller.

By the CHAIRMAN:

Q. In Mr. Tompkins's account you were not aware of any irregularity, you say, until it was discovered recently by the experts; do I so understand you?—A. No, sir.

Q. Well, have you had occasion since that time to examine the account?—A. I have looked over the account; there is a sheet missing from the ledger; I have looked over the account, the parts that are there, since that time, and I have noticed two or three discrepancies that are marked by the gentlemen who have made the examination of that account.

TESTIMONY OF R. W. TOMPKINS.

WASHINGTON, D. C., *February* 5, 1880.

R. W. TOMPKINS (resuming his testimony).

By Mr. CAMERON:

Question. Your account has been examined by the experts employed by this committee, and as they make it out, this is a statement of the account (handing statement to witness). Will you please look at it?—Answer. What is the question you ask me in connection with this?

Q. I simply asked you to look at it; I will ask you now in regard to it. It appears from the statement of that account that your account is overdrawn $1,307.05; can you explain that overdraft? How it occurred?—A. No, sir. According to my knowledge and recollection of my account the balance as shown when the new book was issued to me was correct with one single exception; that was this: there was an item of interest which I claimed was due me from the bank from July, 1873, to January, 1874—or during that period—interest which had been allowed me. With that exception the account is correct.

Q. Did you examine the account to see if it was correct; did you compare the account with the books, the account on the books with the account in the pass-book?—A. O, no; I had no access to the account. I kept a memorandum of my balance and the checks I drew and deposits I made.

Q. You say it appears from that memorandum that you had a balance to your credit of one hundred odd dollars at the time the bank closed?—A. Yes, sir.

Q. Well, how did this discrepancy happen to appear in the books; can you give any light on that?—A. I cannot give any light on that. Mr. Leipold, one of the commissioners, a short time ago called my attention to a discrepancy in my account; that there were drafts drawn for which there seemed to be no deposits to draw against; and this was especially true along about May or June, 1873, he said. At that time I think I was bookkeeper of the bank. Mr. Augusta was my assistant. I am also informed that a page of the ledger—I do not know whether one or two pages of the ledger—is missing.

Q. One leaf?—A. Yes; two pages.

Q. Yes?—A. And he also called my attention to this apparent draft, as shown by the books. Still, the only version or explanation I can possibly give of that is that there are deposits—as was frequently true in other cases—that in my case did not find their way to the journal. It was a fact that the receiving teller often reported "over" cash, as we termed it, and sometimes it was for quite large sums; that is, large sums of that kind. I remember one circumstance where he reported "over" some three hundred odd dollars, and it would afterwards be discovered that there were deposits made and the deposit slips had not been entered in the journal. Sometimes deposits were made and no slips made for them; but his cash would show "over" on that day, which would be turned over to the paying teller, and by him to the principal office, and there held to the credit of the Washington branch.

There is one deposit I remember distinctly making of $596 and some cents. Why I remember so distinctly making it is, that I made it because I expected in a few days to draw very heavily against it. I think I had a balance of somewhere between three or four hundred dollars in the bank at that time, and through a gentleman on the outside I was doing a little speculating. I held some securities of some kind; I do not remember what they were, but I passed them over to Mr. Stickney, the actuary. He took them off of my hands and allowed me credit for them in the bank. I do not remember just exactly what they were now, for it has been some time and my memory is not fresh on the subject. Why I am so particularly reminded of that deposit was this circumstance, that I expected to draw against it; and also another circumstance connected with it. It was this: Mr. Augusta, who was assistant bookkeeper, as I have said, and myself did the posting; all the posting and all the balancing of the books, &c.; everything, in fact, in connection with the bookkeeping of the branch we did at that time. When I made this deposit it was posted to my account in the morning from the "principal office slip," as we called them. I posted it to my credit from the slip. By the way, permit me to interject just here the statement, that we did not, as was the custom generally, post from the journals; we posted from the checks and from the deposit slips, and we did this sometimes after they were entered on the journals, and sometimes before, but all depended on the press of work. We were very heavily worked—in fact overrun with work, at that time; and, as Mr. Fleetwood has stated, we were frequently occupied until late at night in getting through with the work of the day.

METHOD OF POSTING.

We posted from the slips. I found that was the custom in the bank, to post from the slips, and I followed it.

Q. Do you really think it was a judicious custom?—A. No, sir; I do not. This deposit of which I speak I posted in the morning. A short time

afterwards, in the afternoon, there had been some one or two checks made on the account. Mr. Augusta posted also, and he made a remark to me something like this: "Mr. Tompkins, your balance is swelling out considerably." I asked him, laughingly, what he meant. "Why," said he, "your account has gone up into the thousands, I see." Said I, "No." He then called my attention to it, and I found he had posted this deposit a second time; and it was of course charged back. Now, that deposit I am told does not appear on the journal. Mr. Fleetwood looked, and I asked Mr. Leipold to look, and I looked into the journal for that. I knew it was about the month of May, for it was just prior to the check for four hundred dollars that I drew. The check, I think, was drawn to the order of George D. Johnson, I think was the name; I am not certain.

Q. I will ask you if you had the deposit slip for that check of five hundred odd dollars?—A. No, sir.

Q. Was such a slip made?—A. O, yes; because the posting was made from the slip.

Q. You posted from the slip?—A. Yes; and Mr. Augusta did the same.

Q. Did you actually deposit money?—A. No; it was not a deposit of money. It was like this: I held a number of securities, I think, which I sold to the principal office, to Mr. Stickney. I told him the circumstances—what I wanted to do—and he took them off my hands. The amount allowed for them was five hundred and ninety-six dollars and some odd cents, which I do not now remember.

Q. Did you understand that he took them off your hands individually, or for the bank?—A. For the bank, was my understanding of it.

Q. Did the transaction appear on the books of the bank in that way?—A. No; it would not appear in any case, because my name was not on any of the cases so far as I can remember.

Q. Now, were you credited with the amount of the deposit of five hundred and odd dollars?—A. Yes, sir.

Q. When money was deposited somebody or some account of the bank ought to be charged with it?—A. Well, it would appear, naturally, on the principal office books.

Q. Do you know as a matter of fact whether or not it does appear?—A. I do not.

Q. If so much money went out of the bank there ought be something coming in at the same time, ought there not? If your securities were purchased by the bank (although I am not an expert in these matters, yet common sense would teach me) they ought to appear on some of the accounts of the bank showing what the bank got for this money. Is not that so?—A. That is very true, but it need not necessarily appear in my name.

Q. O, no; I do not claim that; but do you know whether it appears in any way on the books of the bank, except to your credit on the ledger?—A. I do not.

Q. And you posted from the deposit slip to the ledger?—A. Yes, sir.

Q. It does not appear on the ledger; does it appear in the pass-book?—A. O, yes; it appears in the pass-book.

Q. What was the date of the entry?—A. It was entered at the time my book was balanced.

Q. Not until then?—A. No, sir.

Q. How long was that after you credited yourself with the amount?—A. About one year.

Q. Then until about one year after the transaction it appeared nowhere

except on the bank ledger; is that the fact?—A. It seems not. I supposed it was on the journal.

Q. Who made the deposit-slip?—A. Mr. Stickney.

Q. I am told that no such deposit-slip can anywhere be found among the papers of the bank; do you know what was done with it?—A. I do not.

Q. What, according to the course of business in the bank, would be done with it?—A. They were made up into packages, I think—the slips of every month, I think, were made up. I think the packages were made up once a month, or, perhaps, weekly. I do not remember now what the practice was, whether they were made weekly or monthly; but they were put up in packages and filed away.

Q. What did you do with the slip after you posted the amount to your credit?—A. Put it on the receiving teller's file.

Q. Well, it seems from the statement you made a little while ago, that your assistant afterwards, and on the same day, again posted the amount to your credit?—A. Yes, sir.

Q. How did that happen? Should there not have been something on the slip to show that it had been deposited by you?—A. We would usually put a checkmark upon the slips.

Q. To show that they were posted?—A. Yes, sir.

Q. Do you know, as a matter of fact, whether you made the checkmark on that slip?—A. I could not possibly say; it may have been omitted.

Q. Well, if the checkmark were made upon it by you, according to your usual custom, would your assistant have been likely to have reposted it to your credit?—A. Not likely, though it is possible; yes, it is possible that he may have done it.

Q. Though he is not likely to have done it?—A. No, sir.

Mr. FITZPATRICK (expert of committee.) Q. At what time was the deposit made?

Mr. TOMPKINS. I think in May or June, 1873. You can inform yourself, however, by reference to this check of which I speak.

Mr. FITZPATRICK. I do not remember ever having seen it.

Mr. TOMPKINS. No; this deposit was made because I expected to draw heavily against it.

By Mr. CAMERON:

Q. Mr. Fitzpatrick, the expert, says that he does not remember seeing any duplicate credit to your account?—A. Possibly that may have appeared on the missing page.

Mr. FITZPATRICK. Yes, possibly it is on the missing page.

THE MISSING LEDGER PAGE.

Q. (To Mr. Tompkins.) What explanation, if any, can you give of that missing page?—A. None at all; I do not remember anything about it; because I had no connection with the Washington branch, nor have I looked at a book there, since May of 1874, until the other day. I have had, as I stated, no connection with the bank, nor have I looked into a book, to my knowledge, nor had anything to do with the books, since May of 1874. I went into the bank then, and looked over several books, and I looked at my own account for one.

Q. When did you last examine your account on the ledger of the bank?—A. The last time I looked at it was in 1874, to the best of my knowledge.

Q. Was that page, which now appears to be missing, in the book at that time, or had it been cut or torn out prior to that time?—A. Well, I could not say of my own knowledge, because the account had been carried forward to another page, and I am unable to state whether it was there or not; my impression is, however, that it was.

Q. Well, have you any distinct recollection about it?—A. No, I have not.

Q. Have you your pass-book?—A. I have. I have the one that was issued to me showing the balance only.

Q. Have you the next prior one?—A. No, sir; that was turned over to the bank at the time the new one was issued.

Q. I am told that no such pass-book can be found?—A. So I am told also.

Q. To whom did you turn it over?—A. I do not remember.

Q. What was the usual course of business?—A. I think it was Mr. Hill—when we issued a new book showing a balance only, it was the custom to hand the depositor the old book and the new, and to allow him to satisfy himself of the correctness of the balance shown—the old book and the new book, with the checks drawn—and, after satisfying himself of the correctness of the balance shown, he was required to surrender the old book to the bank.

OVERDRAFTS IN WITNESS' ACCOUNT.

Q. Under the dates of June 4, June 11, June 13, and June 21, 1873, it appears by the journal that you made drafts amounting in the aggregate to one thousand and sixty-five dollars; the journal entries appear to be in your handwriting?—A. Yes, sir.

Q. And these drafts do not appear to be charged to you in your ledger account; now can you explain as to that?—A. No, sir.

Q. Whose duty was it at that time to do the posting?—A. If I wrote the journal he did the posting; if I did the posting he wrote the journal. We used to divide the work between us in that way.

Q. Is it a fact that you made drafts on those dates, or about those dates, amounting in the aggregate to one thousand and sixty-five dollars?—A. Well, as far as I can call to mind now, I think it is. I know I drew two large checks about that time.

Q. Have you any of the checks that you drew about that time on the bank?—A. I do not think I have.

Q. When did you first ascertain that the bank-book showed that your account was overdrawn?—A. About a month ago, I think.

Q. Your attention was called to it then?—A. Yes, sir. I think it was about the middle of December last.

Q. There are several drafts and deposits appearing on the journals in your name for which no corresponding entry can be found on the ledger; can you explain that discrepancy?—A. No, sir, I cannot, except in the way I stated, that the posting was made from deposit-slips, and these slips may have been misplaced and not have found their way to the ledgers. I will state in connection with that, that it was a thing that did occur. I know that in balancing books I have not unfrequently found deposits entered on the pass-book for which there appeared no record on the ledger, and reference to the journal would show that they were not on the journal, but there were the entries made on the pass-book by the proper officer. When we would refer to the slips we would in some cases find them—the slips filed away marked "posted"—but no journal entries for them. That was something that was not of unfrequent occurrence.

DRAFT MADE AFTER THE FAILURE OF BANK.

Q. How much appeared to your credit at time of the suspension of the bank?—A. I had an individual deposit somewhere in the neighborhood of eight or nine hundred dollars, and a thousand dollars that was held in trust for a gentleman.

Q. Have you received dividends on these amounts?—A. On what amounts?

Q. Or have you drawn them out?—A. I drew out a thousand dollars by special agreement.

Q. This thousand dollars was a trust fund, and was drawn out by special agreement, was it?—A. Yes, sir.

Q. That was drawn out after the bank failed, I believe; Mr. Stickney has been examined about that?—A. Yes, sir.

Q. What were the facts in reference to that? How did it happen that that sum was drawn after the bank had failed?—A. Because it was put in by special stipulation. When Jay Cooke and Company failed, and the panic of 1873, with which you are all familiar, came on, several trustees withdrew their accounts. Dr. Augusta, I think, withdrew his; Mr. Wormley, I remember, withdrew his; and several of their friends withdrew their accounts, at their instigation. Mr. Fleetwood suggested to me that I had better do the same, since they were all withdrawing; that they had just come from a meeting of the finance committee, and he thought that everything was not right by seeing them pursue that course; so I withdrew that money, and Mr. Stickney asked me to leave the currency in the hands of the bank. I told him that one thousand dollars of that belonged to a gentleman who had left it with me for specific purposes, and if I left it I should like to be able to draw it out at any time. He said he did not require me to deposit it, but let the bank use the currency. So I consented, and he placed in my possession four real-estate notes for six hundred dollars each, amounting to twenty-four hundred dollars, which I held as security for that money. In 1874, in March of that year, I think, the Comptroller of the Currency ordered an examination of the bank and I surrendered these securities to the bank, and the sum that bank held was passed to my credit with this stipulation: that no matter what occurred I should be allowed to draw out that thousand dollars; and so I did.

Mr. CAMERON. That is all.

The WITNESS. I wish to state, gentlemen of the committee, that I have written to Mr. Augusta about his recollection of that deposit, and I have a letter here from him which I would like to have read.

By Mr. CAMERON:

Q. Where is he now?—A. He is at Norristown, Pa., and I expected he would have been here to-day.

The CHAIRMAN. He has been summoned. We cannot reach him before Saturday.

Mr. CAMERON. If he is to be a witness, Mr. Tompkins, you can keep your letter until then.

The WITNESS. Well, I was going to say that he has a distinct recollection of this deposit, although he is not sure as to the amount. He says, however, that he knows it was several hundred dollars. He remembers it by reason of the conversation that transpired between us.

By Mr. GARLAND:

Q. Who gave you your appointment, Mr. Tompkins?—A. Well, I could not say.

Q. The trustees?—A. I presume so.

Q. Were you continued by the commissioners when they came in?—A. I was there from July, 1872, to November, 1873.

Q. You were book-keeper, then, during 1872?—A. A portion of that year, I was.

Q. How much of the year?—A. I think I entered in February, 1872, and I remained until October or November, of 1873—November it is.

Q. You were there all of 1872, from the time you commenced in February?—A. Yes, sir.

Mr. GARLAND That is all.

Mr. CAMERON. If you desire to make any other statement you can do so.

The WITNESS. I only want to make a statement that I have partially made before. It is this: The receiving-teller's account frequently showed an over, and it occurred in this way: that there were deposits made which did not find their way to his journal. Either the slips were misplaced or there was a failure to make out the slips, which sometimes occurred. These things discovered themselves. When the pass-books were presented, of course the error would be corrected then. This was something that occurred, well, quite often, as compared with the number of deposits made. I will state, with reference to my pass-book, that it ought to be with the bank. It was left there. Why it was not left there, if it is not now there, I cannot say. I wish, for my sake—for my reputation's sake—that the pass-book could be found. I sincerely wish it, for I feel that this matter is going to be thoroughly investigated.

By Mr. CAMERON:

Q. I suppose you wish, also, that that missing page from the ledger could be restored?—A. Yes; I wish that also in that connection. How that leaf disappeared, or when, I am as ignorant as a child.

Mr. LEIPOLD (interrupting). There is a deed there.

The WITNESS. A deed?

Mr. LEIPOLD. Yes, a deed to some property. It is a deed of property to you just about the time you drew out that large sum of money, showing that you used that trust money for this purpose. It was for some property up town. Mr. Fleetwood says it has since been sold under a deed of trust.

The WITNESS. Yes, it has been sold under a deed of trust. I will state further, gentlemen, that I have not looked at the books of the bank carefully. I would like to look at the principal office books with reference to this deposit of which I spoke.

Mr. CAMERON. You can do that during business hours any day.

WITNESS' EXPLANATION OF A LARGE DEPOSIT.

The WITNESS. I am quite certain I shall be able to find something, though Mr. Stickney says he does not recollect. There were so many transactions passing through his hands every day, and we had several transactions and he does not recollect anything of that kind. Now, there is another deposit I remember making: I do not know just what time it was that I made it, but it was the largest I ever had there. I will tell you the circumstance and how the money came into my possession. In 1869, or 1870 perhaps, Congress passed an act authorizing the District of Columbia to issue $500,000 of bonds, which were called the "Emery" bonds. I have no doubt you have heard of them. They bore seven and three-tenths interest. They were made receivable for taxes

for one-fifth of the amount of taxes due. If, for instance, two hundred and fifty dollars was to be paid in taxes, fifty dollars of that amount could be paid by a fifty-dollar bond. I was at that time clerk in the office of the collector of taxes, the same office in which I am now, under Mr. F. A. Boswell. It was the custom of tax-payers who did not care to wait in line to hand their bills in. For example, you would come and hand in your bill instead of waiting in the line, and say, "You pay this, and I will call to-morrow for the receipt;" or I would say, "I will mail it to you." We used to buy these bonds and pay the taxes in that way.

Q. You mean the gentlemen, the clerks in the office?—A. Yes, sir. For example: we had two hundred and fifty dollars, and could buy a fifty dollar bond at a discount of about thirty per cent.; and I would do it, and pay the taxes in that way. It was a perfectly legitimate transaction, and an honest penny gained. These bonds were made receivable for the taxes of 1870, I think, just about that time, or the following year perhaps. Then the old corporations were abolished and this District Government, of which the board of public works was a creature, was created, and they made no provision for the receiving of these bonds for taxes, and the consequence was they went down to a very low figure. Mr. Boswell was afterwards elected a member of the legislature, and he introduced a measure, I think, looking to the carrying out of the act of Congress allowing one-fifth of the taxes to be paid with these bonds, and he bought up some seven or eight thousand dollars of them, and I went in with him and gave him all the money I had at that time—that was in 1871—and he bought up as many of the bonds as he could get. Or I will say that just before the tax expired in 1873, on the first of July, I think, it was talked around at that time, although nothing definite was known about it, that these bonds were to be received as partial payment of the taxes, and then they went up, and while they were up Mr. Boswell sold off some eight thousand dollars of them; and as I went in with him, about seven hundred dollars and some odd of that money came to me, as my portion of the profits in the speculation. He brought the money to me to the Freedman's Bank, and that money I immediately put in the bank. That deposit does not appear. It was the largest deposit that I ever made, and in that way I remember about it—by these circumstances under which the money came into my possession. That deposit, I understand, is not on the journal. I have not had time to look at the books, though I propose to go up to morrow and take a good careful look, if the commissioners will allow me to do so, over the books containing the accounts at that time.

The CHAIRMAN. Certainly they will allow you to do that; and if you make any discoveries that will enable you to explain any of the discrepancies to which your attention has been called, you can come here on Saaturdy, and we will hear such explanation as you may have to give.

The WITNESS. Yes, sir; it was very strange to me that my pass-book should have been balanced in July of 1874, after the institution closed, and these irregularities which are said to exist did not discover themselves.

Mr. LEIPOLD. I want to say here that the marks on the ledger do not indicate that the pass-book was examined. The letters here, "H. T," show that there was a comparison with the ledger and journal, and not with the pass-book.

The WITNESS. So you told me; but the fact is there was a pass-book, and Mr. Augusta, who I trust will be here, will testify to that. So I think you will agree with me that it seemed strange.

Mr. LEIPOLD. I requested Mr. Fleetwood to write a letter to Mr. Hill ask-

ing him if he remembered anything about it. He did not remember that there was a pass-book. He remembered that there was an examination of the account, and he did not think the ledger page was then missing.

By the CHAIRMAN. Mr. Purvis, I will ask you whether, since this matter has been discovered, if you or any of the commissioners made any inquiry as to this irregularity?

Mr. PURVIS. Yes, sir. Having understood that Mr. Tompkins had stated that he had made a deposit in the bank of seven hundred dollars of money that he had obtained in some speculation, and that Mr. Stickney was cognizant of it, I made inquiry of Mr. Stickney, and he said he had no knowledge of any such transaction.

The WITNESS. I will state, in connection with that, that I did speak to Mr. Stickney about it, and he said that it might or might not be there; he had no recollection of it, that the time had been so long ago.

Mr. PURVIS. I can only state what he said to me.

The CHAIRMAN. It is substantially the same.

Mr. CAMERON. Of course, it might or might not have occurred.

Mr. GARLAND. It is the same thing.

TESTIMONY OF CHARLES W. HAYDEN.

WASHINGTON, D. C., *February* 5, 1880.

CHARLES W. HAYDEN sworn and examined.

By Mr. CAMERON:

Question. Where do you reside, Mr. Hayden?—Answer. I reside in Washington, District of Columbia.

Q. What is your present occupation?—A. I am not engaged in business at all, at this time, sir.

THE SENECA SANDSTONE COMPANY LOAN.

Q. What connection, if any, official or otherwise, had you with the Maryland Freestone Mining and Manufacturing Company, commonly called the Seneca Sandstone Company?—A. I was at the time, during the years 1868, 1869, 1870, 1871, 1872, and 1873, secretary or treasurer and general manager of the company.

Q. It appears, from the books of the Freedman's Bank, that this Seneca Sandstone Company had a transaction with the Freedman's Bank. Various witnesses have testified in regard to this transaction. Now, as you state you were general manager of the company, will you give the committee a statement of the transactions between the Seneca Sandstone Company and the Freedman's Bank, so far as you recollect?—A. I will try to do so, sir.

Q. You can give them in your own way.—A. Of course, so long a time has passed that I would not be able to go into the details of the transactions of that company.

Q. Well, you can state generally what you know about them, and we will examine you further as to details.—A. I can state generally, now, that the company and the bank had quite large transactions in money matters. The company borrowed a large amount of money from time to time of the Freedman's Bank, for which they gave as security the mortgage bonds of the company; and there were other transactions besides.

Q. It appears that on the 18th of May, 1870, the Freedman's Bank

made a loan to your company; and again on the 17th of July, 1871, two loans were made—one of four thousand dollars and one of twenty-seven thousand dollars. Do you remember the fact of these loans having been made, and can you state whether or not any security, and if any what security, was given by the Seneca Sandstone Company to the bank?—A. The four thousand dollars, I think, was a loan for which bonds were given as security.

Q. What bonds?—A. The bonds of the company.

Q. Were they first or second-mortgage bonds?—A. Second-mortgage bonds, sir.

Q. What was the market value of these bonds at that time?—A. I considered these bonds at that time to be about par.

Q. Do you remember whether there was any actual sale of those bonds at or about that time?—A. No, sir; I do not. I was not engaged in any business here; I would know of no sales particularly excepting from the company. The company made no sales that I knew of. I think the only sale the company made of those second-mortgage bonds was five thousand dollars, altogether.

Q. When did that sale take place?—A. I do not remember when that sale took place.

Q. Do you remember at what price they were sold?—A. The company sold them at par.

Q. Was it an actual sale, or the settling up of some old transactions?—A. No; it was an actual sale.

Q. Did they receive money for them?—A. Yes, sir.

Q. Well, you say that the four thousand dollars, you think, was an actual loan; what was the twenty-seven thousand dollars?—A. It was a combination of other loans, in settling up.

Q. Loans made prior to that time, aggregating in all some twenty-seven thousand dollars?—A. Yes, sir; though I do not remember exactly, and cannot tell precisely without referring to the books; my recollection is, however, that the twenty-seven thousand dollars was simply a combination of previous loans.

Q. It appears from the books of the bank that on the 27th of July, 1870, the bank purchased of the Seneca Sandstone Company twenty thousand dollars of its first-mortgage bonds. Can you give us any information in regard to that transaction?—A. To my knowledge the bank never purchased any first-mortgage bonds.

Q. Were there first-mortgage bonds?—A. Yes, sir.

Q. What amount?—A. One hundred thousand dollars.

Q. What was done by the company with those bonds?—A. They were all sold previously to the issuing of the second-mortgage bonds.

Q. Then you have no information or knowledge that the bank purchased those twenty thousand dollars first-mortgage bonds?—A. No, sir.

I will say that I made a mistake a moment ago in saying that we sold only five thousand dollars of bonds. The company did sell twenty thousand dollars second-mortgage bonds to the Freedman's Bank at 90 per cent.

Q. Twenty thousand dollars of second-mortgage bonds?—A. Yes, sir.

Q. When was that sale made?—A. I do not remember; I cannot tell without referring to the books and papers. The company afterward purchased them back again.

Q. Did they receive money from the bank in the sale of that twenty-thousand dollars?—A. Yes, sir.

Q. That would be eighteen thousand dollars?—A. Yes, sir.

Q. Well, when they purchased the bonds back, was money paid?—A. No, they gave notes; they bought them back and gave notes for them.

Q. What became of those notes?—A. I think I have them in my possession now.

Q. Were they paid?—A. I think they were taken up and consolidated in other settlements.

Q. What I want to get at is, whether the bank ever paid for these bonds in money, or whether the debt still exists?—A. The debt still exists.

Q. Did you make that operation with the bank to which we are now referring?—A. No, sir.

Q. Who did?—A. I think that Mr. Huntington did. He was our financial agent—the financial agent of the Seneca Sandstone Company—and I think he made that arrangement; at any rate, I delivered the bonds and received instructions from him as to what to do.

THE TRANSFER TO KILBOURN & EVANS.

Q It seems, from the books of the bank, that on the 2d day of January, 1872, the account of the Seneca Sandstone Company—that is, the indebtedness of the company to the bank—was transferred to the account of Kilbourn & Evans; can you explain that?—A. I cannot, sir; I never had any knowledge of that transaction.

Q. Was the transaction reported to you, or entered upon the books of your company?—A. No, sir.

Q. About what is the indebtedness of the Seneca Sandstone Company to the Freedman's Bank at this time, not counting interest?—A. The books show about fifty thousand dollars in one note, and I think another note of fifteen hundred; in all, something over fifty thousand dollars.

Q. About fifty-one thousand dollars?—A. Yes, sir.

Q. And you say the note was consolidated, and the note issued for fifty thousand dollars, and some money paid at that time?—A. I cannot tell the date, but a note was issued for fifty thousand dollars.

Q. And that settled all previous accounts excepting one note for fifteen hundred dollars?—A. Yes, sir.

Q. What was the object of the company in repurchasing those twenty thousand dollars of second-mortgage bonds which it had sold to the bank at ninety cents?—A. I don't know, sir, fully. I understood from some one, I think, at the time, that when they were sold to the bank the company agreed to repurchase them, if the bank wished it.

Q. The bank paid money, or what was equivalent to the payment of money, for the bonds; it then resold them to the Seneca Sandstone Company, and took the note of the company?—A. Yes, sir; and held them as collateral security.

Q. Well, now, about that: it seems that, at one time, upon the aggregation of the debts of the Seneca Sandstone Company to the bank, these twenty thousand dollars first-mortgage bonds in some way slipped out of the possession of the bank, and second-mortgage bonds were substituted for them?—A. That is a matter I know nothing about. The company never gave the Freedman's Bank any first-mortgage bonds; that is, the Seneca Sandstone Company never gave any first-mortgage bonds to the Freedman's Bank.

Q. I think you said that, at one time, they did sell the bank twenty thousand dollars of first-mortgage bonds?—A. No, sir; second-mortgage bonds.

Q. Well, second-mortgage bonds. What did the property of the Seneca Sandstone Company consist of?—A. It consisted of six hundred acres of quarry land, mills, saw-mills, derricks, boats, mules, tools, and a great variety of property.

Q. The quarry, I understand, is in Montgomery County, Maryland?—A. Yes, sir; in Montgomery County, Maryland.

Q. Who were the persons mainly interested in the Seneca Sandstone Company at the times these loans were made?—A. Well, there were a good many stockholders; it had been distributed a good deal.

Q. Who were the managers of it?—A. The directors, I think, were John L. Kidwell, H. H. Dodge, Henry D. Cooke, William S. Huntington, John A. Wills, James C. Kennedy, and others.

VALUE OF THE SENECA PROPERTY.

Q. What was the property of the Seneca Sandstone Company valued at when the second-mortgage bonds were issued?—A. I do not think I can state that with any precision.

Q. Well, about what? Of course I do not expect you to be exactly accurate.—A. I do not remember distinctly, but I think it was valued at some three hundred thousand dollars when the second-mortgage bonds were issued.

Q. One hundred thousand dollars of first-mortgage bonds had been already issued?—A. Yes, sir.

Q. And then a hundred thousand dollars of second-mortgage bonds were issued?—A. Yes, sir.

Q. And you think the property was valued at about three hundred thousand dollars?—A. Yes, sir.

Q. To whom did the real estate of the company belong?—A. Do you mean before we came into possession of it?

Q. I mean the real estate that afterward belonged to the company at the time the company was organized; who put the real estate in, and what was it put in at, if you remember?—A. The property was purchased in the first place by Kidwell, Dodge, and Cooke.

Q. Do you know what it was purchased for?—A. According to my recollection I think they purchased the farm for sixty-five thousand dollars cash; about sixty-five thousand dollars.

Q. What improvements, if any, did they make upon the property at the time the company was organized and the farm was put in as stock?—A. They had built a stone saw-mill; they had erected a dwelling-house and workshops, and a variety of other buildings necessary to go on with the work of developing the property. I do not remember now just how much in value was spent upon these improvements, but I think it was some forty or fifty thousand dollars—in the neighborhood of that.

Q. As a matter of fact, the stone is really a very superior stone, is it not?—A. Yes, sir; the stone from that quarry is a very nice stone, a very valuable stone; it has received the highest commendations for its many superior qualities.

Q. I suppose there is no doubt that if it were economically worked something could be made out of it yet?—A. I think so; yes, sir.

Q. What has become of it? In whose possession is it now?—A. It is in the hands of trustees, in the court of Montgomery County, Maryland.

Q. Mortgage bonds have been foreclosed on it?—A. Yes, sir; and a decree of sale is in existence, and the property is in the hands of trustees. The case has been appealed to the court of appeals in Maryland.

Q. Is the quarry being worked now at all?—A. No, sir.

Adjourned to Saturday, February 7, 1880.

COMMITTEE-ROOM OF SENATE SELECT COMMITTEE
ON THE FREEDMAN'S BANK,
Washington, D. C., February 7, 1880.

The Select Committee of the Senate on the Freedman's Savings and Trust Company met this day in the committee-room of the Senate Committee on Manufactures at 10 o'clock a. m.

The witnesses to be examined not being present, adjourned to February 12, 1880.

COMMITTEE-ROOM OF THE SENATE SELECT COMMITTEE
ON THE FREEDMAN'S BANK,
Washington, D. C., February 12, 1880.

The Select Committee of the Senate on the Freedman's Savings and Trust Company met this day in the committee-room of the Senate Committee on Manufactures, at 10 o'clock a. m.

Present, Messrs. B. K. Bruce (chairman) and R. E. Withers.

Adjourned to Saturday, February 14, 1880.

COMMITTEE-ROOM OF THE SENATE SELECT COMMITTEE
ON THE FREEDMAN'S BANK,
Washington, D. C., February 14, 1880.

The Select Committee of the Senate on the Freedman's Savings and Trust Company met this day in the committee room of the Senate Committee on Manufactures, at 10.30 o'clock a. m.

Present, Messrs. B. K. Bruce (chairman), Angus Cameron, A. H. Garland, and R. E. Withers.

TESTIMONY OF R. W. TOMPKINS.

R. W. TOMPKINS recalled.

By the CHAIRMAN:

Q. When you were before this committee the other day, Mr. Tompkins, you stated that you desired an opportunity to examine the books of the Freedman's Bank with a view of refreshing your memory touching your own account with the institution. Have you done so?—A. Yes, sir; I have.

Q. Are you now prepared to make the statement which you desired to make at that time, but did not make because you had not had an opportunity to examine into your account?—A. Yes, sir; I am. So far as that statement can be made, I will be glad to make it.

DEPOSIT OF R. W. TOMPKINS.

Q. Proceed to make it, Mr. Tompkins, and you can do so in your own way.—A. I wish to say that I have examined the books with reference to that deposit to which I referred when on the stand last week, but there seems to be no evidence of that deposit on any of the books of the bank. The only evidence that would be of material benefit to me must be contained in that missing page and in the missing pass-book.

Q. What deposit do you allude to? Please give us specifically the deposit about which we were examining you the other day?—A. I refer

to the deposit of five hundred and ninety-six dollars, which was credited to my account.

Q. Well, what have you to say about that deposit?—A. That is the deposit which Mr. Stickney, the actuary, collected for me and passed to my credit, by what we call the "principal office slip." That deposit, as has been stated, does not appear on the journals. It was posted on the missing page of the ledger. The date along about the time that that deposit was made occurs upon this page which is missing.

THE MISSING PAGE IN THE LEDGER.

Now, I wish to say with reference to that missing page that since I have examined that ledger, the surprise to me is not that that page is missing, but that more of the pages are not missing. The ledger in which that missing page ought to be found is almost totally mutilated. In the front part of it there are perhaps one hundred or one hundred and fifty pages that are hanging perfectly loose, that are not bound or connected with the book in any way, shape, or form. The leaves are loose. Some of the edges of the leaves are broken and torn. Some of the pages are torn in half. I noticed one leaf on which one-half of the page is simply worn away and does not appear there; and there is no telling how many other pages may be missing from that same ledger. It is perfectly loose, and has been in that condition, I am told, for several years; and it is a surprise to me, as I have just stated, that more of that ledger is not missing. I just wish (if it is not asking too much) that some of the gentlemen of the committee would look at that book, and inform themselves as to its mutilated condition.

MUTILATED CONDITION OF THE LEDGER.

Q. What was the condition of the ledger when you left the bank?—A. It was partly mutilated then; some of the leaves are lost.

Q. The leaves were not lost at that time, when you left the bank, were they?—A. Not that I knew of at the time.

Q. Were you not using the ledger at the time you left the bank?—A. O, yes; I was using the ledger at the time I left the bank.

Q. At what time did you sever your connection from the Washington branch?—A. I left that branch in October of 1873.

Q. When did your connection with that branch begin?—A. I think it was, if I am not mistaken, in February or March of 1871; but I am not quite certain as to that.

Q. Can you state when your account was balanced?—A. The ledgers show that my account was balanced on the 11th day of July, 1874.

Q. And you left in October of 1873?—A. Yes, sir; I left the preceding October—the October of 1873.

Q. If any part of the ledger had been missing, could your account have been balanced at the time it was balanced?—A. No, sir; that would have been utterly impossible; it could not have been balanced if any part of that ledger had been missing at the time.

Q. What connection have you had with the bank since you withdrew in October, 1873?—A. Do you mean from the Washington branch?

Q. Yes, sir.—A. None whatever.

Q. You say you deposited five hundred and ninety-odd dollars?—A. Yes, sir; five hundred and ninety-six dollars.

Q. And you are unable to find any record of it?—A. I say there is no record of it on the ledger; and I wish to state further, in connection

with that, that on examining the deposit journal, I find that in the receiving teller's cash the receiving teller reports an "over" about that time of nine hundred and sixty-seven dollars.

Mr. FITZPATRICK (committee's expert). Six hundred and sixty-seven dollars.

The WITNESS. No; nine hundred and sixty-seven dollars it is, I beg pardon. It is put down six hundred and sixty-seven dollars, but the actual footings of the journal show nine hundred and sixty-seven dollars and fifty cents.

By Mr. CAMERON:

Q. Your attention, Mr. Tompkins, was called the other day, when you were before the committee, to the fact that a certain leaf of the ledger which contained your account, or a portion of your account, had been cut off, or torn out, or in some way removed from the book. You are being examined upon that now, I see, but I wish to be specific as to the missing pages, and will ask you further about it. It is found on examination that pages 193, 194, 195, and 196 are cut out from Ledger "E." Can you give any explanation in regard to the cutting out of those pages?—A. No, sir; they should be in there.

Q. Pages 394 and 395 of the same ledger are also cut off?—A. Of Ledger G or Ledger E, do you mean?

Q. Ledger E.—A. No, sir; I did not know anything about that. I knew nothing of it till my attention was called to it by Mr. Fitzpatrick, expert of your committee, when I was up examining the books at the bank the other day. I was saying before you came in, Senator, that since examining Ledger G, the one containing the missing page of my account, the surprise to me is that more of the leaves and pages are not missing.

Q. Why so?—A. Because about one hundred and fifty pages of the first part of the ledger are perfectly loose; there is no binding of them whatever. The leaves are laid in perfectly loose, lying around in the covers as loose as those papers are (pointing to a pile of loose papers on the table), and any one of those leaves is likely to fall out; and I know that that ledger has been in a bad condition for a year—at least, I am informed so.

Q. Was it in that condition when you were bookkeeper?—A. Only partly so; some of the leaves were loose when I left here. In fact, one hundred and fifty or two hundred pages of it are loose—not bound—and some half of those pages are in a mutilated condition—pieces torn off the corners of some of them, and others—well, one leaf I remember has half of it worn off, and half appears to be missing; it may be in some other part of the book.

Q. But the leaf containing your account appears to have been cut out?—A. No; not cut out.

CONDITION OF THE LEDGER DESCRIBED.

Q. It does not?—A. No; it is simply all worn at the back, along the back where it was stitched in (indicating by the folded edge of a sheet of blank paper).

Q. Well, could one leaf be cut out without two coming out at the same time?—A. O, yes, sir.

Q. How so; they were bound in, were they not?—A. I will explain it, if I can, if you will allow me.

The CHAIRMAN. Certainly.

By Mr. WITHERS:

Q. The leaves are stitched together before they are bound?—A. Yes, sir; the leaves are bound and put together in double pages. For example (indicating by a number of folded sheets of paper): These leaves are broken here (at the folded edges), and are lying loose at the fore part of the ledger.

Mr. FITZPATRICK (expert). They are all in regular order there.

The WITNESS. Yes; but, as I stated to you the other day, the surprise to me is that more of the leaves and pages are not missing; they are lying loose, and it is the easiest thing in the world for a leaf to be missing under such circumstances.

By Mr. WITHERS:

Q. In other words, you think it would be the easiest thing in the world for a man who wanted to do so to take one of the leaves out?—A. Yes, sir.

Q. These leaves are in folds, and it depends upon the size of the sheet entirely how they are folded; that is, how many folds are in them. After they are folded they are stitched; that is, they are stitched before they are bound into the covers. Therefore, a mere breaking of the binding would not liberate them, because the stitching would keep them together, unless the stitching was cut also.—A. I beg your pardon, Senator, but the stitching is not cut; the leaves are entirely worn away at the edges here (indicating) where they were folded.

Q. You mean at the base here, where the folding and stitching were done?—A. Yes, sir; these leaves are entirely worn away at the edges where they were folded. It shows from continuous use and handling that they have been worn and broken at the stitching.

CUSTODIAN OF THE MUTILATED LEDGER.

Q. Was this book in your custody, Mr. Tompkins?—A. At what time do you mean?

Q. At the time, of course, that you were in the bank as bookkeeper. Was not this ledger at that time in your own custody?—A. Well, all the books of the bank were in my custody—that is, partly in my custody. All the deposit ledgers were, in part, in my custody; but, as I have testified, this leaf was in the book eight months after I left the bank, when my account was balanced. My account was balanced after I severed my connection with the bank, and this leaf was there then; it has been lost since.

Q. You are certain that they have been lost since?—A. Yes, sir; since I withdrew from the bank, and since my account was balanced.

By Mr. GARLAND:

Q. Who was the custodian of that book eight months after you went out?—A. That is impossible for me to say; I do not know positively.

Q. To whom did you turn the book over, when you went out; he must have been the custodian of the book at that time?—A. I did not turn the book over to any one, specially, when I went out. Mr. Augusta, who was assistant bookkeeper with me, had charge of the book after that, I believe; in fact while I was there we had joint charge of the books.

By Mr. WITHERS:

Q. You were principal bookkeeper, were you not?—A. At that time I was; yes, sir.

Q. Up to the time you left?—A. Up to the time I severed my connection with the bank; yes, sir.

The CHAIRMAN. That is all.

The WITNESS. I wish to say this. Mr. Sperry has just informed me that these books fell off the desk several times. I did not know of that fact before. It accounts for their condition, I think, very easily. In that way no doubt the books were brought into the mutilated condition in which they are now.

A. M. SPERRY. (former inspector of the bank). With your permission, Mr. Chairman, I wish to say, in a word, that I think I could help Mr. Tompkins to explain the bad condition of these books. I do not know anything of the facts in regard to the witness's account that are now in examination before the committee, but I could explain to the committee some facts concerning the bad condition of these account books, if they desire it.

TESTIMONY OF WILLIAM E. AUGUSTA.

WASHINGTON, D. C., *February* 14, 1880.

WILLIAM E. AUGUSTA sworn and examined.

By the CHAIRMAN:

Question. Mr. Augusta, you have heard the testimony of Mr. Tompkins, given before the committee to day, and at the last sitting, have you?—Answer. I have heard the testimony here this morning, but I have not been here before.

Q. What position, if any, did you occupy in this institution?—A. I was bookkeeper after Mr. Tompkins left, and assistant bookkeeper while he was there.

Q. You were assistant bookkeeper with him at the time he left, were you?—A. Yes, sir; and a part of the time before. I was runner part of the time.

Q. How long a time were you assistant bookkeeper?—A. Well, I think from the last part of 1872 until the last part of 1873, when Mr. Tompkins went away.

Q. Did you go out with Mr. Tompkins?—A. No, sir; I remained here.

By Mr. WITHERS:

Q. You succeeded him as principal bookkeeper, did you?—A. Yes, sir.

AS TO THE MUTILATED LEDGER.

By Mr. GARLAND:

Q. You have heard Mr. Tompkins's statement in reference to the condition of this ledger; tell us what you know about that, and particularly what you know in regard to this missing leaf containing his account?—A. Well, these ledgers were in a very bad condition, I know, and I know that they had to be taken to Philadelphia to be fixed—both of the G ledgers.

Q. They had to be carried to Philadelphia to be rebound?—A. Yes, sir; they had to be sent there to be rebound; that is, some of the leaves were loose, and they needed to be rebound.

Q. Were these leaves in that condition when you went in as assistant

bookkeeper?—A. Well, when I went there they were in a pretty fair condition.

Q. They were in a pretty fair condition when you first had anything to do with them?—A. Yes, sir.

Q. When you left, then, they were in a pretty bad condition, were they?—A. When I left there?

Q. Yes, sir; when you left the bank?—A. Well, they were not in the best order when I left.

Q. Now can you give any explanation about how they came to be in that condition; have you thought of the matter or looked into it with reference to this missing leaf concerning which Mr. Tompkins has testified?—A. Well, I have not thought particularly of that matter, but I do know that some of the leaves were missing, that is, some of the leaves were loose in the books, and the books had to be sent to Philadelphia to be fixed.

Q. Do you know of any other leaves besides those containing Mr. Tompkins's account being missing?—A. I know of none other, though I have not looked into the matter at all.

Q. Would you not have been apt to know if any leaves were missing before you left the bank?—A. Yes, sir; I should have been very likely to know of the fact if there had been any leaves missing.

Q. The fixing of the books was done at Philadelphia, you say. Were they rebound or restitched, or what was done to them to fix them, as you term it?—A. I think they were both rebound and restitched. One thing I know particularly about it is that in transferring an account from one page to another, sometimes an account would be worn down at the edge of the page, at the edge where it is stitched, and when the books came back from Philadelphia that part of the account on the edge was cut off.

WHEN THE LEDGERS WERE REBOUND.

Q. About what time were these books taken to Philadelphia to be rebound or restitched?—A. Well, there were two or three occasions, I think, when this was done. I think one of the occasions was—let me see—I think one time was about Christmas of 1873 or 1872.

Q. Christmas of 1872?—A. Christmas of 1873 I guess it was, rather.

Q. Do you recollect about the last time they were carried there for that purpose?—A. No, I do not recollect when the last time was.

Q. Was it before or after Mr. Tompkins went out of the employ of the bank?—A. Well, I am not positive about that.

Q. You cannot recollect?—A. No, sir; I have no distinct recollection on that.

Q. You have no explanation, then, at all to give to the committee about this missing leaf of which we have heard so much here?—A. Nothing except what I have said. I know that the books are in bad condition now.

Q. Were they lying around loose for the inspection and examination of anybody who chose to look over them?—A. No, sir.

Q. When anybody who had been inspecting the accounts got through, were the books put back in any particular place, or was there any particular place for them?—A. They had a particular place where they were kept.

Q. Were they put back on the shelves where they belonged?—A. Yes, sir.

By Mr. WITHERS:

Q. Did I understand you to say that at the time these books were sent to Philadelphia you were the principal bookkeeper, and that the books were in your charge?—A. No, sir.

RESPONSIBILITY FOR THE MUTILATED LEDGERS.

Q. At the time they were sent there for repair you were not principal bookkeeper and they were not in your charge?—A. I do not know whether I conveyed that impression or not; I did not say so.

Q. You do not know, then, whether they were in your charge or not?—A. I do not.

Q. Do you know by whose instructions or orders they were sent to Philadelphia?—A. By the instructions of the actuary.

Q. Do you know whether at the time they were sent there there were any missing leaves?—A. I do not.

Q. You were assistant bookkeeper or bookkeeper at the time, were you not?—A. Yes, sir; one of the two positions.

Q. Do you know whether any leaves were missing after the books came back?—A. I do not think they were. I know some of the leaves were loose.

Q. Loose when they came back?—A. O, no! They were loose before they were sent.

Q. I say after they came back. Do you know whether any of the leaves were missing or not?—A. I do not believe there were any missing then.

Q. You do not believe after the books came back from being repaired that any of the leaves were missing?—A. No, sir; I do not.

Q. Well, if the leaves were missing, it must have been then after the books were returned from Philadelphia?—A. Yes, sir.

Q. The books were in your charge from that time until you left?—A. Yes, sir; from some time in 1873 they were in my charge.

Q. They were not, as I understand you, open to the inspection of the public, or accessible to anybody who might choose to examine them, but were entirely under your control and in your keeping?—A. They were not accessible to the public and they were in my charge.

Q. After you were done using them, you put them back in the places appropriated for them; was that your habit?—A. Yes, sir.

Q. And so far as you know, no one else had access to them?—A. No one else but those inside of the bank.

Q. Exactly; the officials of the bank?—A. Yes, sir; the officials of the bank.

Mr. WITHERS. I have no further questions to ask the witness, Mr. Chairman.

OVERDRAFT IN R. W. TOMPKINS'S ACCOUNT.

By the CHAIRMAN:

Q. On examination of the books, it is shown that Mr. Tompkins has overdrawn his account; that is, the books show that, so far as the experts' labors have revealed it. I want to know if you can tell us anything about that; whether that was the case when you had charge of the books?—A. I do not remember; if Mr. Tompkins' account was overdrawn, I have no recollection of the fact.

Q. Have you any knowledge whatever of an overdraft by Mr. Tomp-

kins?—A. I have no knowledge of any overdraft of his account; none whatever.

Q. Do you remember anything at all about his account?—A. Yes, I remember—well, I have seen the account. I know that he kept a large balance there, and he was making deposits from time to time in the account. I knew that at the time.

Q. But you have no more than a general knowledge of his account; you cannot tell us anything specifically concerning it?—A. Well, yes; I do know about one deposit he made. I cannot recollect the amount, but I know it was several hundred dollars, and I know that that did not show on the journal. I looked the other day. That was sometime in July, I think, of 1873. It was a claim against the colored school board that Mr. Tompkins had, and it was collected for Mr. Tompkins by Mr. Stickney.

Q. How much did you say it was?—A. I do not remember, exactly, but I think it was somewhere between five and six hundred dollars.

Q. How did you know it was deposited, then?—A. I remember when the amount was collected seeing a slip in the branch bank. The reason that I remember it is because there was a little claim of my own that was collected at the same time.

The CHAIRMAN. That will do, Mr. Augusta.

TESTIMONY OF FREDERICK DOUGLASS.

WASHINGTON, D. C., *February* 14, 1880.

FREDERICK DOUGLASS sworn and examined.

By the CHAIRMAN:

Question. Mr. Douglass, will you state your connection with the Freedman's Bank; what position you held in that institution, when you were elected to that position, and how long you remained in it?—Answer. I was for a short time president of the Freedman's Bank. I was elected to that position about the middle of March, 1874, but hesitated about taking the office until about the first of April. I then, under persuasion of different members of the board of trustees, accepted the office, as they said it would help to inspire confidence in the soundness of the bank. I remained in that position until the bank was handed over or the institution was put in the hands of the present commissioners. All told, I was in the institution about three months.

Q. As president?—A. Yes, sir; as president.

CONDITION OF THE BANK WHEN PRESIDENT DOUGLASS TOOK CHARGE.

Q. In what condition, Mr. Douglass, did you find the institution as to its solvency, when you entered upon your duties as president?—A. Well, it is difficult to tell. I was there a number of weeks, and the first four or five weeks, of course, I was ignorant of the actual condition of the bank and of its management. It was not easy, stepping into an institution like that, to be instantly made acquainted with its condition.

Mr. WITHERS. No; that was impossible.

The WITNESS. There were thirty-four branches of the bank in constant communication with the main office here, and these communications were usually in cipher; and for a considerable length of time I

was kept entirely ignorant of the cipher communications between the actuary of the bank here and the agents at the different branches.

THE CIPHER CORRESPONDENCE.

By the CHAIRMAN:

Q. You say that the communications between the actuary and the branch banks were conducted in cipher?—A. Yes, sir.

Q. And you were not made acquainted with the character of the correspondence?—A. No; not at first. I gradually got some light on the meaning of the cipher between the actuary and the agents. I found everything in motion, you know, doing business, receiving deposits, and paying depositors all over the country, and I received assurances from the actuary that all was right; and from a number of others that we could go on; although I knew that there had been a run on the bank. I gradually got my suspicions aroused that we were in an unsound condition, and communicated my views of our unsoundness or insolvency to the Banking Committee of the Senate, consisting then in part of the present Secretary of the Treasury and Senator Scott of Pennsylvania. In about five weeks after I was there—five or six weeks—I became quite satisfied and convinced that the bank was insolvent. I began to distrust it after reading the report of Mr. Knox (Comptroller of the Currency). I found that it was unable even by his figures—and they were most favorable—to pay more, I believe, than ninety cents on the dollar.

Q. I want to ask you, Mr. Douglass, whether you were furnished a key to that cipher?—A. No, sir; I was not.

Q. The cipher was furnished by the actuary, Mr. Stickney, I believe. He was then actuary, was he not, or was it Mr. Eaton?—A. Mr. Stickney was then the actuary and Mr. Sperry was the traveling agent.

Q. And they used a cipher which you as president were not acquainted with; do I understand?—A. Yes, sir.

Q. And you had no key to the cipher?—A. No, sir.

By Mr. WITHERS:

Q. Did you ask to be furnished with a key to the cipher?—A. I did ask the meaning of two or three dispatches that came, and when I did so I detected a look that told me that that was none of my business.

Q. You mean that it was not intended for you to know?—A. Yes; I believed it was not intended that I should know that cipher, and that increased my suspicion of the unsoundness of things about that bank.

By the CHAIRMAN:

Q. Well, did any one besides the actuary have a key to that cipher?—A. I do not know. Mr. Stickney, who was the actuary, assured me, if I would take the position, that he would do everything in his power to make me acquainted with the real state of affairs there, and assist me in the discharge of whatever duties might be devolved upon me. But Mr. Stickney at that time was usually very much pressed with business—either selling property or doing something else—and I seldom could get more than five or six minutes at a time with him; he was running in and out all the while; so that it was six weeks I was there finding out and becoming convinced of the state of the bank. After that, after I began to discredit the bank in the eyes of the Banking Committee of the Senate, I spent my time mostly in doing that sort of business.

CIRCULARS WRITTEN BY PRESIDENT DOUGLASS.

Q. Did you not write and publish one or more circulars expressing your belief in the soundness of the bank?—A. Well, I wrote two circulars almost immediately upon going into the bank, upon representations that were made to me by those that I supposed knew the true condition of the bank, asking depositors and others to hold on, and expressing the belief that we could weather the crisis and pay dollar for dollar in the end. Nevertheless, I expressed myself in some parts of these circulars so doubtfully that I was charged before the trustees with having destroyed the credit of the bank by these very circulars.

Q. You believed, then, in the solvency of the bank at the time you issued those circulars, and your belief was based upon information, if I understand you correctly, from others?—A. Yes; I could not know anything about it any more than the fact that I had confidence in the officers of the bank.

Q. Were these gentlemen officers of the bank?—A. Yes, sir; Mr. Stickney was actuary and Mr. Sperry agent of the bank, and I had a great deal of confidence in my friend Wilson, who was nominally cashier of the bank, and he assured me it was all right. I had confidence also in several other gentlemen connected with the bank, and I got from them assurances of the same sort; and it was upon assurances of that kind that I signed those circulars.

DOUBTS AS TO SOUNDNESS OF THE BANK.

Q. What caused you, Mr. Douglass, to doubt the solvency of the bank, at last?—A. I found that it was in want of money, for one thing—very much in want of money; and on one occasion the actuary came into the bank and stated that we must have ten thousand dollars that day, or the bank would have to close; and the question went around what we should do. They said that they just wanted that amount to tide them over for that day; and several trustees that were present were asked if they could raise that amount, and one after another said he could not, till at length Mr. Alvord, formerly president of the bank, turned to me and said, "Mr. Douglass, you have ten thousand dollars here that might be used for this purpose, in United States bonds, and if we could have these for a few days it would help us through, and it will all be right in a few days." "Well," said I, "you can take this ten thousand dollars." So I loaned the bank ten thousand dollars; and as week after week went on and I found it impossible to get back my ten thousand dollars, I naturally enough began to doubt the soundness of the bank; most people would under such circumstances (smiling); though I did at last obtain my ten thousand dollars.

TRUSTEES' PRACTICAL DISBELIEF IN THE BANK'S SOUNDNESS.

Another reason induced me to disbelieve in the bank. I found that I was the only trustee of the bank that deposited any money in it. I went up before this Banking Committee, at the other end of the Capitol, and stated my belief in the insolvency of the bank, and forthwith a number of trustees were brought together—they came before that committee—and they contradicted all that I had said concerning the insolvency of the bank. They said that we could go on. Well, I was left out in the cold. However, it was very soon believed by the committee

that we were insolvent, and legislation was enacted which finally brought us, or very speedily brought us, to a close.

Q. Did you, when you went before that committee, state that you believed the institution to be insolvent?—A. I did; and I stated to them that I could not conscientiously ask any of my friends, or people with whom I was identified, to deposit money in that institution. But at the same time I was a depositor there. I had two thousand dollars in the bank at the time, and when I found it was to be closed up, since I had been partly instrumental, through my circulars, in inspiring confidence in the institution, I thought I would not make myself a preferred creditor, and left my money in there, although I had the same chance of taking it out that others had.

Q. And the trustees were not depositors? Did they not deposit their money there, so far as you knew?—A. No; I believe that I was the only trustee that had a dollar deposited there.

WHAT THE TRUSTEES WANTED.

Q. Mr. Douglass, please tell us whether or not the board of trustees co-operated with you in your effort to secure the depositors when it became apparent that the bank was insolvent?—A. I found this to be the case, sir—that the trustees and the officers of the bank desired to have the bank closed, but they wanted it closed in a particular way. They wanted the trustees of the bank to have the management of settling up its affairs. To that view I was opposed, and I stated to the Banking Committee that all of us who had had any hand in bringing the bank into its present condition ought to be excluded from settling up or managing its assets in any way, so that they might be looked into thoroughly and by entirely unprejudiced persons.

Q. I presume, Mr. Douglass, you have kept an eye on the present management of the institution, having been connected with the bank in other days; will you please tell us whether you have been satisfied with the management of the assets of the bank since the present commissioners have been in charge?—A. I think the present commissioners have managed the assets of that bank in every way judiciously and honorably. I believe in them—in every man of them.

By Mr. GARLAND:

Q. Mr. Douglass, had you given the institution any examination as to the conduct of its business, before you were called upon to be president?—A. Not at all, sir; I had no business there.

Q. You took the matter under advisement of consenting to become president, some five or six weeks?—A. No, sir; some two or three weeks only.

Q. Yes; some two or three weeks. Now, was that in consequence of your doubt as to the stability of the institution, or that you didn't care to take the responsibility; or what was it?—A. One ground was that it would occupy my time, which I could make more profitable to myself elsewhere.

Q. In other business, do you mean?—A. Yes, sir; by occupying my time in other business. Then again, I had had no banking experience; I knew nothing about banking; my life had been a theoretical one rather than a practical one—on the stump—and I hesitated about it until I was persuaded that as the colored people of the country generally had confidence in me, I might strengthen the bank after the run had been made upon its reserve by consenting to occupy the position of its president.

PRESIDENT DOUGLASS'S CIRCULARS.

Q. Have you copies of those two circulars that you wrote?—A. I have them somewhere, I believe, though not with me.

Q. Will you please make a search for them, and at some time furnish them to the committee?—A. Yes, sir; I will do so with pleasure.

The CHAIRMAN. Well, copies of those circulars ought to be about the bank somewhere.

Mr. DOUGLASS. Yes, sir; I have no doubt that some copies can be found there.

Mr. SPERRY. I tried to find a copy in the bank, but I did not succeed.

Mr. DOUGLASS. Well, they were published at the time very generally in the papers; but I will endeavor to get a copy and have it transmitted to the committee.

By Mr. WITHERS:

Q. You stated that you yielded finally to the solicitations of others and accepted the presidency of the bank; have you any objections to stating who appeared to be most solicitous, who most influenced you in coming to that conclusion?—A. Well, I will say that Mr. Wilson, the cashier of the bank, was the most solicitous that I should take that position, and after I was elected Mr. Alvord was very anxious that I should come forward and assume the position, and expressed the belief that if I would do so, that would strengthen the bank and make it all right. Indeed, nearly all the trustees that spoke to me on the subject were anxious to have me accept the presidency, believing that it would be for the best interests of the institution.

WITNESS'S OPINION AS TO CAUSES OF THE BANK'S FAILURE.

By Mr. GARLAND:

Q. What is your judgment, Mr. Douglass, in general and from your information of the bank and the way business was conducted there—its relations to the country; the operations of the business of the country upon it, and it upon the business of the country; all things considered—what is your judgment as to the causes of the failure of that institution to accomplish the purposes you had in view in its organization?—A. Well, I think that there is one general objection to the institution, and that is that it collected money at the extremities and invested it at the center. It borrowed money in Mississippi and invested it here in Washington. These branch banks furnished no business facilities in the quarters where the money was collected. Then there was in the very nature of the institution the seeds of ruin. It invited, as I think, all that was inimical to the race in the interest of whom the institution was established to conspire against it. Then, too, of course, I am aware that bad loans and the breaking down of the banking institutions all around it had much to do with bringing it to its insolvency. I was out West that winter when there was a run upon the bank, just previous to my election to the office of president, and the fact that it survived the run upon it at that time was one element of my confidence in it. I do not think any separate institution of that sort is advisable. The idea of setting apart a bank for one particular class of people in the country, makes it liable to have any and all hostile influences brought to bear against it. The bad loans, though, were the secret, I think, of its failure.

Q. You have never, then, had revealed to you the full items of this cipher dispatch business?—A. No, sir; and (smiling) the difficulty of getting any information on that point was one of the elements of my distrust of the whole thing.

WITNESS'S HIGH OPINION OF THE PRESENT COMMISSIONERS.

By the CHAIRMAN:

Q. Mr. Douglass, have you any opinion as to the reduction of the number of the commissioners who now have charge of that institution, and consequently the reduction of expenses?—A. Well, I have the fullest confidence in the present commissioners, and think that they are giving their time and services very reasonably to the bank. From the statements that I have heard made as to the expense of managing the assets of the bank, I do think that they could be reduced and ought to be reduced in the present number. I think that one man could now perform the duties of getting rid of the property and paying the depositors, if there is ever anything to pay, just as well as three men.

By Mr. GARLAND:

Q. I will just here enlarge the question of the chairman, Mr. Douglass. Have you examined the bill I had reported from the committee last May, but which I had recommitted to the committee, with a view of closing up this business?—A. I have seen the bill, I think.

Q. It was recommitted in view of the fact that this investigation was going on, and there might be some additional facts brought out. I would be glad to have you examine that bill and to get your opinion upon it; the commissioners have expressed their opinion, and I would be glad to have yours.—A. (Clerk handing a copy of the bill to Mr. Douglass). I will, with a great deal of pleasure, Senator, examine this bill and give you an expression of my opinion upon it.

By the CHAIRMAN:

Q. Mr. Douglass, if there is any further statement that you desire to make, we will be glad to hear it.—A. I will say that I did take some part in getting the present commissioners appointed. My motive in regard to one at least of the appointments was to assure the colored people, especially the colored depositors, that they would have a faithful and honest friend who would protect their rights in the bank, in the person of Mr. Purvis. Indeed, I was in favor of all three of the commissioners from the first, and I have had no cause to change my preference for them since. The most valuable service that would be rendered by one of the commissioners would be his knowledge of the law and his ability to advise us legally (referring to Mr. Creswell). I was also equally strongly impressed with the importance of having the business ability of Mr. Leipold on the commission as one of the commissioners, as his acquaintance with accounts and his industry as shown by his clerkship in the Treasury Department, I thought admirably fitted him for his place on the commission.

By Mr. GARLAND:

Q. And you have seen nothing to change your mind as to either of these gentlemen?—A. Not at all; not anything at all; they have got about as much out of the bank as I expected them to get by this time.

ADDITIONAL TESTIMONY OF C. A. FLEETWOOD.

WASHINGTON, D. C., *February* 14, 1880.

The CHAIRMAN. Mr. Fleetwood, who testified the other day, desires to submit to the committee in writing some corrections and explanations in addition to the testimony he then gave. I will ask the clerk to read the letter he has addressed to the committee.

Mr. FITZPATRICK (expert of the committee) then read the letter as follows:

OFFICE OF THE COMMISSIONERS OF THE
FREEDMAN'S SAVINGS AND TRUST COMPANY,
Washington, D. C., February 13, 1880.

Hon. B. K. BRUCE,
Chairman Senate Committee on the Freedman's Savings and Trust Company:

SIR: I have the honor to ask that I may be permitted to supplement the evidence given by me before your committee on the 5th instant, by the corrections and additions following. On account of lapses of memory mostly, having no idea what would be the drift of my examination, I could not, of course, prepare for it by refreshing my recollection where needed:

1st. My service with the company began June 1, 1871, and not July 1, 1871, as testified.

2d. My testimony was to the effect that I was made paying-teller in the latter part of 1872. There are no means I can remember of definitely fixing the time of my change of duties, but from the handwritings in the books of the branch, it looks as if I *acted* as teller for one or two months only in the autumn of 1872, and I seem to have taken up the duties regularly about the 1st of March, 1874.

3d. In relation to my duties I do not wish to be understood as testifying that there were no other assistants in the office, and that I did *all* the work of the office while I was bookkeeper. I only wish to say that *my portion* of the work was entirely too much for any one man to do at all, not only to do well, but to *do;* and that in the absence of any checks, and of any time to apply them if existing, some errors, of course, must be made. For the first year of my service the posting was done almost exclusively and entirely by myself. In that time the number of accounts went up from about seven thousand seven hundred to about twelve thousand eight hundred, and the deposits and drafts for the year, by a rough estimate, reached sixty thousand items, giving an average of two hundred entries per diem for the year. Not having seen the report of the experts I do not know how many errors were found chargeable to me, but would respectfully submit that, working at top speed for an average of fourteen hours per diem (if Sunday's time be included) without review, while errors *never should* be made, I do not think my percentage can be a large one, or discreditable to any one similarly situated.

4th. I had kept books for a company in Ohio for a period of about six months shortly after my muster-out from the army. My testimony was to the effect that I had no practical experience between 1863 and the time of entering the bank. As I stated, however, that nothing was claimed by me on the grounds of inexperience, I only make this statement in order to be exact.

5th. As to any knowledge concerning the alleged overdraft in the account of R. W. Tompkins, I wish to add that when I assumed the duties of paying-teller, all supervision of the accounts in the ledgers ceased for me, and as I took no part in the settlement of the accounts after the incoming of the commissioners, I have had no occasion to overlook them except in a very few individual instances from said March, 1873, down to the present day. In examining the accounts I find entries thereon in my handwriting from June, 1871, through July, 1872, after which last date my handwriting does not appear.

6th. In the matter of writing the names of depositors who could not write I succeeded to the practice of the paying-teller (or cashier) *from the beginning*, as can be evidenced by examination of the check files now in this office. In fact it was at one time his custom to do so in *all* savings-account cases, whether the depositor could or could not write.

I have the honor to be, very respectfully, your obedient servant,

C. A. FLEETWOOD.

By Mr. GARLAND:

Q. You wrote that letter, Mr. Fleetwood?—A. Yes, sir; that is my letter.

Q. And you swear to it as in your handwriting, and that you offer it here as an addition to your former testimony?—A. Yes, sir, I do.

TESTIMONY OF ANSON M. SPERRY.

WASHINGTON, D. C., *February* 14, 1880.

ANSON M. SPERRY sworn and examined.

By the CHAIRMAN:

Question. What position did you hold in the Freedman's Savings and Trust Company and how long were you in its employ?—Answer. I held different positions at different times. I was in its employ from, say, September, 1865, until the institution closed; that is to say, from its practical beginnings until its close.

Q. Were you not examiner for the greater part of that time?—A. For part of that time I held the office which was entitled that of "inspector of the branches." It was not "examiner" exactly, but it included examiner's duties at the branches. I had no authority at the home office, no status there.

AS TO THE MUTILATED CONDITION OF THE LEDGERS.

Q. Some of the witnesses—and Mr. Tompkins a few moments ago—say that you knew something about the condition of the books; if so, we would be glad to have you make any statement on that point.—A. Yes; the matter came to my memory as I saw the drift of Mr. Tompkins's examination. It happened to be within my personal knowledge that these ledgers were greatly damaged by falling from the desks. They were sloping desks, without a ledge, and too narrow for these very large books. I was in the Washington branch one day, and one of the ledgers lying on the desk slid off and struck upon the binding and nearly knocked the book to pieces. It was a book weighing forty or fifty pounds and it fell four or five feet; and no binding under heaven could stand such usage as that. They had several such falls. One or two got in such a condition that we had to send them to Philadelphia to have them rebound. I make this statement as due to Mr. Tompkins, as he informed me that he did not know anything about that fact. He said he did not know how the books got in that condition. They were simply in a shocking condition.

Q. You sent them to Philadelphia and had them rebound?—A. Yes; they were rebound and restitched. I put them in charge of a special messenger, for we could not spare them for a single day, and the messenger went over on Saturday night, they were rebound on Sunday, and brought back on Sunday night or Monday morning, so that we could go on with the bank's work.

Q. How often did you have that to do?—A. More than once. There were at least two books that had to be rebound in this way, and some of the other books were injured, but not sent to be rebound.

Q. How high was the desk, Mr. Sperry?—A. It was a standing desk, and it must have been at least four feet from the floor to the edge of the ledge from which the book fell. A book of that weight necessarily must be almost destroyed—no binding or stitching in the world could stand it. Of course this does not have a bearing upon the absence of the leaf; that fact is one that must be explained by itself; but it shows

how the leaves of the book were loosened, however. It does not necessarily imply that they were cut out. I took more interest in that, because the books were made under my direction, and I know they were very carefully and thoroughly made.

Q. I believe you stated that you had not seen the books when you severed your connection with the bank, and that you would be unable to testify as to the transactions there until you had had an opportunity of looking at these matters, and you had had a chance to examine the books?—A. I should like, Mr. Chairman, to have the opportunity, before my examination, to look over these matters generally.

THE CIPHER DISPATCHES EXPLAINED.

By Mr. GARLAND:

Q. We would like to have you tell us about the cipher that was used in the bank.—A. Yes, sir; I can do that now, for that happens to be fresh in my memory. With reference to the cipher used by the bank, I will say that I prepared that myself. All the correspondence of the bank was carried on in good plain English writing, and is upon the letter-books of the company. We found, however, that we could not trust the telegraph agents; and in all matters relating to telegraphic transfers of money or dispatches relating to money and to the general condition of the institution, we had, of course, to protect ourselves. To this end, therefore, I drafted and prepared a cipher which should cover sums of money to be ordered, and which would cover certain phrases which we used, in relation to the condition of the institution, as a blind for the offices of the telegraph company. Our matters did leak out, and at a time when the newspapers were on the *qui vive* for anything by which they could possibly start a run on the bank. That is the whole story of this cipher. I know nothing of the fact that Mr. Douglass states as to the cipher not having been communicated to him. I know that copies of that cipher were in the office. I kept a copy myself, the actuary had a copy, and each of the cashiers of the branches kept a copy. There were two or three spare copies lying in the vaults of the bank.

Q. Besides yourself and the actuary, who held the key to that cipher?—A. The president—that is, the former president—Mr. Alvord, certainly had a key to that cipher. Each of the cashiers, to my own knowledge, had a key, for which he was held personally responsible. I had a key, and Mr. Stickney, the actuary, had a key, and I know that two or three separate copies lay in the vault. The sole object of this cipher was to protect the bank from the leakages in the telegraphic companies' offices in the South. We could not transmit necessary news with reference to money transactions without their somehow or other getting out, and we did it for self-protection. It is no more than any other moneyed institution does.

Q. Is it your opinion that two or three copies were in the vault, or do you know it to be a fact?—A. I know it to be a fact, because I placed these copies there myself. I think Mr. Gibson printed it for me, and until the institution closed, I knew where every copy was. Since then, of course, I know nothing about it. There was no concealment and no intention of concealment of the cipher, or of the key to it, that I am aware of, from anybody who had any business to know it. It was very natural that Mr. Douglass should not understand the drift or force of the thing; but that was really the sole object in it (addressing Mr. Douglass). So far as I know, there was no other possible object. There was no design to conceal anything from Mr. Douglass. It was simply to pro-

tect ourselves from outsiders. It was a very proper and just precaution, and, in our opinion, the best to be pursued to effect the purpose.

[See appendix for copy of the telegraphic cipher.]

Q. State what you know about the condition of the bank as to its solvency.—A. At what time, sir?

Q. When did it become insolvent?—A. I could not say positively, without looking at the published reports. I know that the institution was solvent when I took charge of its inspection, for I made a personal examination of it.

Q. Well, you will have an opportunity to come before the committee again.

By Mr. GARLAND:

Q. You were examined before what is called the Douglas committee, were you not?—A. Yes, sir.

Q. I see that you had quite a full examination before that committee, and we would like you to post yourself as fully as possible upon the points that you were there questioned on, for we may interrogate you upon those points.—A. I want simply to say here, that I have not thought of this matter for three years, and you can readily understand that I need to refresh my memory upon the whole subject.

Adjourned to Thursday, February 19, 1880.

COMMITTEE ROOM OF THE SENATE SELECT COMMITTEE ON THE FREEDMAN'S SAVINGS AND TRUST COMPANY,
Washington, D. C., February 19, 1880.

The Select Committee on the Freedman's Savings and Trust Company met this day in the committee-room of the Senate Committee on Territories, by invitation of A. H. Garland, chairman of that committee, at 10 o'clock a. m.

Present, Mr. B. K. Bruce (chairman), Angus Cameron, and A. H. Garland.

TESTIMONY OF ANSON M. SPERRY.

ANSON M. SPERRY recalled.

By Mr. CAMERON:

Question. Where do you reside?—Answer. In Dodge County, Minnesota.

Q. How long have you resided there?—A. Three years, sir.

Q. What is your present occupation?—A. I am a farmer and teacher, both.

Q. Where did you reside prior to going to Minnesota?—A. I spent a year in Boston prior to going to Minnesota. I could hardly be said to have had a residence during my connection with the Freedman's Savings and Trust Company, because I was in the field all the time.

Q. I will ask you if you were at any time connected with the Freedman's Bank, so-called; when that connection began and when it terminated?—A. I had before stated that my engagement commenced with the beginnings of the bank, and closed with its failure. I find, by referring to the records, that I made the engagement with the bank on the 18th of September, 1865.

Q. In what capacity were you engaged by the Freedman's Bank?—A. As a general field-agent, assigned to the Department of the Gulf, to operate in the Twenty-fifth Army Corps.

ORIGIN OF THE FREEDMAN'S BANKING SYSTEM.

Q. You may state generally what your duties were.—A. That you may understand what these duties were, I ought to state, as preliminary, that before the chartering of this institution I had been in conference with friends with reference to saving the money of the colored soldiers. The allotment system of some of the States had worked admirably. And in conference, especially with my friend Mr. Fay, who was allotment commissioner for the State of Massachusetts, we had devised a system of allotments for colored soldiers which we hoped to put in operation, acting under a commission from the President. At the same time General Saxton, at Beaufort, and General Butler, at Norfolk, had been trying to solve the same problem as to what should be done with the soldiers' money. As we were about applying to the President for permission to go South with this corporation we learned of the chartering of this bank in March, and came to the conclusion that it was a better thing altogether; and after we had obtained the promise of the deposits in General Saxton's and General Butler's banks, we came to the conclusion that we would direct our efforts in that direction. I applied for the appointment, and was so appointed. I may say that we acted under the approval of the President of the United States, and were commended to the courtesy of the officers of the Army by the Secretary of War. I had also a permit from General Brice to be present at the pay-tables.

My duties were to receive from colored soldiers deposits of money, primarily for this institution, secondarily to send to their friends at home, or to make any other disposition of it they chose. As a matter of fact, I will state that I went with the Twenty-fifth Army Corps to the Mexican border and remained with it; and while I was connected with that corps I received some hundred and twenty thousand dollars for the bank, besides sums which I sent home.

I believe that that covers generally the outline of my connection with the Freedman's Bank.

Q. You state that you were a general field-agent for the bank; did you inspect the various branches of the bank; if so, what ones did you inspect?—A. The branches grew into importance after this. They were rather the outgrowth of the question as to what disposition should be made of the soldiers' money. I failed in health and came home; was on nominal duty for some time, in fact doing what was asked of me to be done, and was, in 1870 perhaps, made an inspector. I think it was 1870. [Turning to Mr. Stickney.] Mr. Stickney, do you know?

Mr. STICKNEY. You were made assistant inspector then.

The WITNESS. O, yes; I was made assistant inspector, I think in 1870, and assigned to the examination of branches in the South, Mr. Harris, of New York, then being inspector. Afterwards—I do not remember the date, but at the time of the enlargement of our New York office—I was made inspector.

Q. It has been stated by some one here that the bank never was solvent; now, as you were connected with it from the beginning, what is your opinion about that, if you have any facts?—A. Well, I can show you that at one time it *was* solvent. I said to the actuary, when I came North, that I wanted to know whether it was solvent or not. More than

that, I wanted to see the securities. At this time the bank had been investing wholly in government securities, and was just beginning its real-estate loans. I went over the securities myself, which were lying in the vaults.

Q. At what time was that, Mr. Sperry?—A. I will tell you directly. [Looking over memorandum book.] It was in the fall of 1870.

Q. Very well; now go on with your statement.—A. I went over the securities myself; helped to cut the coupons which had matured; made a list of them—which list is now in the archives of the company. I satisfied myself that the thing was honest, straight, and square, and that the company, at that time, was solvent. Subsequently, to wit, in March, 1872, I helped make up the annual statement of the board of trustees showing the condition of the company, and I have a copy of that before me here, a copy which I had filed in the bank. It shows a nominal surplus of more than eleven thousand dollars at the time. The bonds, were there, I know. The real-estate loans were there as recorded on the books. Of course I did not go through the loans item by item. If the committee wish, I will read a table which I prepared of the assets and liabilities of the bank, or I will file it, that it may go into the record.

Q. That is an official statement, I understand you?—A. Yes, sir, I know that to be so, because I compiled it with the assistance of the clerks in the office. There is a good deal of useful information, by the bye, contained in it, and I think it would be well to put it in the present record.

Q. You may go on, Mr. Sperry, and give consecutively the result of your examination of the different branches. That is a matter we have not gone into to any great extent.—A. When I entered upon my duties as inspector no funds were kept at the branches at all, and no loans were made there. The officer in charge of the branch office, known as the cashier, had his small cash balance on hand to meet current payments, and as that balance accumulated he remitted here. If, on the other hand, there was a balance against him, he had the right to draw on the parent office for funds through the regular channels of exchange. So that my duties with reference to the assets of the company at its branches were at that time merely nominal. It was to watch over the business of the branches, and encourage deposits, and to see that the books of the company were kept upon a uniform system. As time and opportunity allowed, it was my duty and my practice to take off the ledger balances and to verify the cashier's weekly and monthly reports which were made to the principal office. The work was very arduous. It had to be done at branches which were separated by long distances, requiring a great deal of travel; so that there were some of the branches which I did not reach for a long time—more was the pity!

DISHONESTY AT THE BEAUFORT BANK.

I see by some of the testimony that has been given here by the commissioners that the matter at Beaufort was not clearly in their minds; that is to say, the origin of the difficulty there. I may state that I did not reach that branch until, I guess, a couple of years after my appointment. The management had the utmost confidence in the cashier. There had been an exception made in favor of the Beaufort branch, and the cashier was doing a peculiar business of his own.

Q. What was the nature of the business he was doing?—A. Well, the nature of the business that he should have done, under the instructions

of the board, was a general banking business. The citizens of Beaufort were very anxious to have a national bank. The matter was brought before the finance committee of the Freedman's Bank, composed, I believe, of Messrs. Clephane, Huntington, and Cooke, and they decided, whether formally or not I am not sure—but informally at any rate, I am certain—that Mr. Scovel should go ahead and do what was necessary to start a national bank at Beaufort. Under these instructions they were to buy and sell exchange, and make such accommodations to factors down there as he thought necessary. Under that he acquired considerable balances. I have nothing to say about it, except that it was wholly unwarranted by anything in the charter of the company. The parties to it are now beyond the reach of censure. The fact is, it amounted to a grand steal at that branch. Your experts, Mr. Chairman, have not got at it yet, and it always beat me. When I discovered it it was too late. I do not know to-day how the books of that branch stand. I know that the money is gone, and that is all I have to say concerning it. I had hoped that your examiners would have got at it to see if we could not get some light on the subject. The primary difficulty there was, however, the exceeding of the limits of the company's franchise.

THE FREEDMAN'S BANK BECOMING UNWIELDY.

The thing was getting unwieldy, sir. I was continually busy trying to devise checks upon the institution. With the limited force we had at hand we could not employ a sufficient corps of examiners, as the thing stood at last, because the expenses were all very heavy. I had devised a system of checks by the transference of cashiers, and in that way we struck some irregularities. In fact, we had pretty nearly touched bottom in our difficulties, and were devising remedies for them before the failure of the institution.

Q. What, in your opinion, was the cause of the failure of the bank? You may give opinions or facts, as we have taken both from witnesses. —A. Suppose I give you some facts first?

MARVELOUS GROWTH OF THE BANK.

Q. Very well; proceed.—A. These facts will show that we were justified in fighting for the concern; anyhow, the growth of the institution was simply marvelous to those who knew what we were dealing with. I will refer to a few of the figures upon this statement: At the end of the year 1866 the company had received on deposit over $305,000, and it had a balance due depositors of only $199,000. At the end of the next year they had only $366,000 due depositors, with a balance of $1,320,000. I give you the round numbers. At the end of the next year the balance due depositors was $638,000 and the next year $1,073,000. In 1870 there was due depositors $1,657,000, in 1871 nearly $2,500,000, and so on with an increase from year to year, until in 1873 there was $4,200,000 balance due to depositors. An institution that was capable of such a growth and development as that had certainly a reason for being. The total amount of money received as deposits the first year—that is in 1866—was only $305,000. In 1872 it had received on deposit over thirty-one millions of dollars; and in 1874, when the bank closed, we had received $55,600,000 on deposit.

During all this time we had to pay expenses, and in the aggregate we had to pay depositors over $262,000 in interest.

These are facts which underlay the institution as its solid basis. We had gained the unqualified confidence of the colored people for whom the institution was created. I knew that we were so intimately associated with them that our prosperity was their prosperity. In fact, we were here; we had to go on; that is the reason we stuck to the concern.

WHY THE BANK FAILED.

Now, why should such an institution fail? In answering this question, I will say that a savings bank is a peculiar institution. The virtue of a savings bank is very much like a woman's virtue; it only has to have an intimation that it is not right, and it is gone. The thing began here in Washington. We could have defied the world, the flesh, and the devil, if we had kept ourselves clear from—well, as I believe I called it when I gave my testimony before the Douglass committee, "unsavory complications."

There were multitudes of causes working against us. We were ready to fight these—expected to fight them. The thing we could not stand up under was the operations here in Washington. You gentlemen know as much about that as I do. I know, at least, that I would have fought the thing even then, and would have beat, too! We tried to get the interference of Congress under the charter, that we might clean the thing up and begin over again; but it came too late. If Congress had done for this institution what the State of Massachusetts did for its savings banks, the bank would have been going on to-day. But Congress was an unwieldy body, that could not spring a stay-law in half a day, as they did in Massachusetts, so the concern had to go—and it went, and I am glad of it now.

THE CHIEF TROUBLES AT THE WASHINGTON OFFICE.

Q. Was it your duty at any time or place to examine the ledger accounts?—A. Not at the principal office, sir; but I may say that one of the reasons why I could not get around to the outlying branches was the difficulty we had in keeping things straight here in Washington. The business was simply overwhelming. The force was inadequate and inexperienced; and these books have been the conundrum of your experts, as they were mine. I spent months in trying to straighten these out, and will say, if I catch the drift of your question, that the books at the principal office—the records of loans and these things—I had nothing to do with; they were not in my department at all. The only examinations made outside of the office here were by bank examiners, under the appointment of Mr. Knox.

Q. Had you had any experience as a bookkeeper prior to your connection with the Freedman's Bank?—A. No, sir; except theoretically. If I had had experience as a bookkeeper and a banker, and if I had been forty years old when I went into it, I should probably have done differently; I should have known more and had less enthusiasm.

Q. It was really your enthusiasm, then, that commended you to the persons in charge of the bank rather than your experience as a bookkeeper or banker?—A. My enthusiasm, sir, was backed up by some business qualifications.

Q. I have no doubt of that at all.—A. And I had some very good backing, indeed. If I had not done my duty, I should not have staid as I did. I think, Mr. Senator, I got the worst of it! (Laughing.)

Q. You say that the business at the parent office at Washington was overwhelming. Why could not sufficient force be hired to do the work? That is usually the way with business men. As their business increases they increase their force. I do not know whether you have any information as to the failure to employ sufficient force, but if you have, I should like to know what the reasons were?—A. There was great necessity upon the institution to keep its expenses down; that was one thing.

Q. But that is not really judicious economy, is it?—A. No, sir; and we were continually bringing inexperienced persons into the service of the company; that was another reason why the books of the Washington branch especially got so profoundly mixed. There were some things peculiar to the institution. We could probably have taken the same amount of money that we paid in salaries to these gentlemen and have got much better service for it.

By the CHAIRMAN:

Q. You say that taking inexperienced persons into the bank was one of the reasons why the business was not properly done?—A. Yes, sir; one of the reasons why it was not more systematically managed.

Q. Well, can you tell me why you employed inexperienced persons? Taking banking houses as a rule the best men are selected for these places, are they not?—A. You must remember, Mr. Chairman, that this was an institution chartered for colored people and that the trustees always felt bound to give the preference to colored employés. We had able young colored men, but they were not bankers, to begin with, and they had to learn the business. We were gradually getting around us a corps of able young men; but they all came in as apprentices in the work. Perhaps the intimation I have given is sufficient.

Q. I am not seeking "intimations," but direct answers to my questions.—A. Yes, sir.

THE CUSTOM IN EXAMINING LEDGER ACCOUNTS.

By Mr. CAMERON:

Q. When you examined the ledger accounts did you certify to their correctness; or what was your custom in regard to such accounts?—A. I kept a book of ledger balances for my own information. I took off these balances, footed them, and made the statement upon my copy of these balances and informed the principal office of the facts. That was all that was necessary. Having in my possession the balances at certain dates, I had the bases of comparison with future balances which I might take; and there was nothing at the branch offices with the exception of Beaufort and afterwards at Jacksonville (which I forgot to mention) with the exception of the ledger balances and a small amount of cash, say of one, two, three, or five thousand dollars—just enough to carry on the current business. Jacksonville was swamped the same as Beaufort was swamped by exceeding the functions of the company. There they went into general banking, saw-milling, and—well, anything else that anybody wanted done that no prudent banker would undertake.

Q. The experts who have examined the books find that some of the ledger balances certified to as correct by you are not correct, in fact?—A. I presume that is so. (Laughing.)

Q. Well, did you examine them critically before making certificates?—A. There is usually appended to a bookkeeper's account "E. & O. E.", you know, which means, "errors and omissions excepted." (Laughing.)

Q. O!—A. By that I mean that these balances that I certified to were correct to the best of my knowledge and belief at the time. If you could have seen the way that we were obliged to do our work, especially, at least, the way I was compelled to do mine, traveling by night and working by day—the Washington office working out of hours, because they could not get time to work in hours—I think that you would not wonder if your able experts should come across blunders, even committed by so exemplary a person as myself! But nobody will follow *their* trail, perhaps. (Laughing.)

Q. You think that their safety is that nobody will follow them?—A. Well, I simply mean that "to err is human."

OVERDRAFT OF S. WILBUR SAXTON'S ACCOUNT.

Q. It seems to have been not only human, but quite common in this bank. Now I will call your attention to one of these accounts. There is a deposit account in the Washington branch in the name of S. Wilbur Saxton, which is overdrawn $219.30. On the ledger page of this account there appears a memorandum in your handwriting as follows: "I do not think that this balance can be relied on. It is my opinion, after talking with Major Saxton, that no overdraft exists." From the examination of the books made by the experts of this committee the overdraft shows as $219.30?—A. As against $296, which is my figure. Do their figures and mine agree as to the overdraft?

Q. No; I do not know that it appears just exactly what the overdraft was.—A. You read it there, Mr. Senator. My memorandum is $296. Do my figures agree with yours? I met Major Saxton in the bank. He had his own private memorandum, and by his memorandum his account did not appear to be overdrawn. It was one of those things I never could explain, sir. There is no error there. The fact is as I have stated it. I do not believe Major Saxton's account is overdrawn.

Q. You think, then, it was an error in the bank?—A. Yes, sir; the error, I think, is in the books.

Q. The entries there show that the overdraft was made.—A. Well, I know that Major Saxton had a memorandum in his possession at the time that satisfied me that the books were somehow mistaken.

THE R. W. TOMPKINS OVERDRAFT.

Q. A good deal has been said, Mr. Sperry, about the account of Mr. Tompkins, one of the bookkeepers of the bank; do you know anything about that account?—A. No, sir, and no other fellow does! That is one of the things past finding out.

Q. You think, then, that no "fellow" can find it out?—A. Well, I did say a word for Tompkins the other day about the condition of that book, because I wanted to do justice to him. I was cognizant of the fact that that book was all knocked to pieces; but I was particular to add that I did not know anything about the missing leaf. I have looked at the book since, and it is simply incomprehensible to me how a big leaf like that could get out of the bank. I simply give it up. As an expert, as you call it, I believe I am beat.

EFFORTS TO STRAIGHTEN UP THE WASHINGTON ACCOUNTS.

Q. What were your duties, Mr. Sperry, in connection with the Wash-

ington branch?—A. I was put in there at various times, if possible, to straighten out the accounts, to organize the business, and I did my best to do so. I had various persons to help me. The blunders simply ran over me; that is all there is about it. I stopped the business once and opened a new set of books. The new set of books was worse than the old set. I am reflecting upon nobody, sir; I am simply stating the facts.

Q. The blunders, you say, simply overwhelmed you?—A. Yes, sir; they just overwhelmed me. Why you could not settle the cash any night. Sometimes they were from five thousand dollars to five cents one way, and sometimes they were t'other way. Everybody felt like going out and having a special oyster supper if the thing came out even.

Q. It was an exception, you mean, to have it come out even?—A. That is what I mean, sir. Put the actuary on the stand and ask him if he don't remember those times.

Q. When the account of cash was over or under, what did the officers or employés of the bank do about it?—A. O, they did the best they could—opened a debit and credit account with the branch, and profit and loss on the books of the principal office. If the cash was "over" we took possession of it. When it was short we made it up. We always waited for something to turn up.

Q. That is, you transferred from one side of the account to the other?—A. That is to say, we would start the teller right in the morning anyhow, and keep an account of the errors and omissions that might occur from time to time. Things were continually coming up. "Overs" were accounted for, generally, by some deposit turning up that had not been properly entered on the deposit journal. Then these things were so numerous that they have furnished your experts legitimate occupation for some months, I understand, and they have not yet got the profit and loss account cleared up, I see.

ALLEGED DIVIDING OF COUNSEL FEES.

By the CHAIRMAN:

Q. In your testimony before the Douglas committee, page 161, you say that Mr. Leipold consulted you as to the propriety of his accepting part of a fee, of dividing seven hundred dollars that Mr. Totten had received from the bank as its counsel and your advising him not to accept it; have you any statement to make on that point?—A. None whatever.

Q. Have you read the letter addressed to the chairman of this committee by Mr. Leipold, January 14, 1880, concerning the distribution of the duties and labors of the commission?—A. I have not; that is to say, Mr. Chairman, I think I glanced at it, but I do not know anything about its contents, for on second thought I concluded that I would not read any of these things.

Q. Will you state whether you have ever known of any secret purpose or attempt on the part of Commissioner Leipold to secure counsel fees?—A. I could not know of any secret purpose of his.

Q. Well, of any attempt?—A. I have known of no attempt, other than what I stated before the Douglas committee upon that point which is substantially as I remember the facts.

Q. Will you recite them briefly?—A. I stated that Mr. Leipold, in my presence, either said that Colonel Totten had offered to share the fees with him, or that he could share in these fees, he supposed, or that he thought he could, and that they amounted to some round sum of forty

or fifty thousand dollars; but there was never anything definite on that point, and subsequently when I heard Colonel Totten deny that there was any such arrangement, I let it pass as current gossip.

Mr. LEIPOLD. Allow me to ask you right there, Mr. Sperry. These were stated as separate matters by you before the Douglas committee. Was this the conversation in which the amount of forty thousand dollars was named, or did that conversation take place at the same time that you claimed the conversation about the division of fees with Colonel Totten took place?

Mr. SPERRY. Well, it is very likely not, Mr. Leipold. I could not say positively. They are connected now in my mind, because we were speaking of the matter as it came before the Douglas committee. I repeat, I presume it was not at the same time.

Mr. LEIPOLD. Can you state to this committee the circumstances under which I made that remark about the probable expense for legal fees—that it would reach the sum of forty or fifty thousand dollars?

Mr. SPERRY. Well, I think it was in connection with some regrets which you expressed with reference to the expenses in which the commission would necessarily be plunged; perhaps in connection with some prosecutions we had on hand, some criminal prosecutions, I think. I do not remember distinctly.

Mr. LEIPOLD. Could you refresh your memory by referring to the former testimony on this subject?

Mr. SPERRY. Well, what I said then is worth a good deal more than what I might say now, because we were much nearer the event at that time. What I stated then was substantially as I understood it at that time.

Mr. LEIPOLD. Suppose you look at your testimony on that subject, and see whether you can refresh your memory on it.

Mr. SPERRY. I may say here that I do not see how I can differ from that testimony, except through lapses of memory (looking at the testimony given by himself before the Douglas committee). Well, that is what I would say over again. It is substantially what I have said now.

Mr. LEIPOLD. If that is your recollection, will you not state it over again, and mention the circumstances under which that remark of mine was made?

Mr. SPERRY. The question I was asked was: "Did Mr. Leipold tell you, or did he not, that the suits that Colonel Totten had would involve fees amounting to forty or fifty thousand dollars?" And my answer was: "He did not tell me any more than he told other persons. It was in conversation with Mr. Wheeler, and came up incidentally. It is due to Mr. Leipold to say that that came up when he was regretting the very large expense into which the bank was plunged by reason of the many complications around it." That is undoubtedly the fact, Mr. Chairman. Further on, I answered more definitely that the conversation came up in the matter of prosecuting criminally Hamilton, of Lexington, the defaulter, and in reference to pushing that suit, and whether it should be pushed or not. In a general way, Mr. Leipold, you were regretting the expense to which the bank would necessarily be put by prosecuting these cases.

Mr. LEIPOLD. You understood me as opposing that criminal prosecution on account of the expense?

Mr. SPERRY. Yes; on the ground, too, that you had no right to spend the bank's money for such purposes. You recollect, too, Mr. Leipold, that in the matter of Cory, at Atlanta, it was settled that you really had no moral right to put any more money in that prosecution.

AMENDING THE CHARTER IN JUNE, 1874.

By Mr. GARLAND:

Q. With reference to the passage of the amendment to the charter in June, 1874, who, if you know, was chiefly instrumental in having that done; and what, if you recollect, were the reasons mainly assigned for it?

Mr. SPERRY. That is the act under which the bank was finally closed, is it not?

Mr. GARLAND. Yes, that is the act.

Mr. SPERRY. Several persons had a hand in that, sir. As finally passed, it combined the suggestions of many people. I think I moved in that matter as early as any one. I endeavored earlier than that to get an investigation into the affairs of the company, and when it became apparent that we were simply getting deeper and deeper into the difficulty we naturally turned to Congress for help. I remember going to Mr. Maynard, chairman of the House Banking and Currency Committee, and stating our difficulties to him and asking for help. Mr. Samuel M. Arnell, of Columbia, Tenn., who had been in Congress and was personally my friend, was up here about that time, and I engaged him to get the facts before members of Congress without reference to politics at all—going to both sides with equal freedom—to ask their assistance and co-operation. I drafted a bill myself (and I think Dr. Purvis was in this, too), which was placed, I suppose, in the proper channels to reach the committee and be acted upon. That bill embodies some of the provisions of the act that finally passed, and differs in some respects. I never knew what became of it. The whole object, sir, was to get the responsible parties, the Congress of the United States, to take hold of the affairs of the institution, until a better state of things could be inaugurated, and to give the responsible parties all the light upon the matter that they could possibly ask. We had Mr. Meigs, the government examiner, with us, and he made as careful and thorough an examination as it was possible for any man to make. We simply asked what we had a right to ask—the interference and help of the government in the midst of our difficulties. If the government had done its duty, and kept that watch-care over us that I always supposed it would, we would either have been closed sooner, or else we would have been helped out of our difficulties—one of the two.

PERSONAL FEELING BETWEEN THE PRESIDENT AND ACTUARY.

Q. Do you know anything, of your own knowledge, of the feeling of the then actuary towards Mr. Douglass when he became president of the institution?—A. I had always supposed that they were entirely friendly, sir; I had no especial means of knowing, however. I was never in the confidence of either of those gentlemen, on that point; because the matter to which I infer you allude, as I was present and heard it at the last meeting of the committee, never occurred at that time.

Q. There was nothing then that occurred that ever brought that matter to your attention?—A. As to any special ill-feeling between those gentlemen, no, of course not, for I had no reason to suppose that any existed. My personal feeling towards Mr. Douglass was that due to him as a gentleman, and I think I consulted him very freely.

Dr. PURVIS. I would like, with your permission, Mr. Chairman, to ask Mr. Sperry some questions.

The CHAIRMAN. Certainly.

CONVERSATION AS TO CAUSES OF THE BANK'S FAILURE.

Dr. PURVIS. I first wanted to ask you, Mr. Sperry, a word about the failure of the bank. You do not make the causes of the failure clear in my mind. Do you know how much money it was required for us to have on deposit, taking it for granted that we reserved an amount necessary to meet current expenses, to make the bank a paying institution at the rate of interest we were paying to depositors?

Mr. SPERRY. When we had forty-two thousand dollars on deposit, we were paying then.

Dr. PURVIS. When we closed, how much was required, taking it for granted that every one who borrowed would pay interest?

Mr. SPERRY. Provided that the assets were all good, do you mean?

Dr. PURVIS. Yes; taking it for granted, I mean, that they were all good.

Mr. SPERRY. Something less, I should think, than five millions of dollars.

Dr. PURVIS. Do you know, Mr. Sperry, how much we paid out in the three runs?

Mr. SPERRY. I cannot now say with exactness what the amount was.

Dr. PURVIS. The reason why I asked the question as to the amount required, when we closed, to keep the bank going as a paying institution, is that, as you know, our balance went down from forty-two thousand dollars to the amount at which the bank closed. It took less than three millions of dollars, I think, to keep the bank in a paying condition. Before we closed we paid out some sixteen hundred thousand dollars. Our expenses were the same, were they not?

Mr. SPERRY. I know that we were gradually reducing them wherever we could.

Dr. PURVIS. Well, how many branches had we that did not pay their expenses?

Mr. SPERRY. I can tell you by the figures I have in a paper right here (searching). I thought I had a memorandum of that with me, but I find I have not. I should say, however, that less than ten of the branches were not paying expenses at that time.

Dr. PURVIS. There were at least fifteen branches that were not paying expenses. Were not the runs, and the fact that we had so many branches that did not pay, the cause of the failure?

Mr. SPERRY. Not necessarily.

Dr. PURVIS. We were not solvent.

Mr. SPERRY. We were not solvent then, but might have become solvent then.

Dr. PURVIS. On the last run, how much money did we pay out, if you can remember?

Mr. SPERRY. I cannot tell you exactly now, but I remember it was a very large sum. It was principally paid out here in Washington, too, I know.

Dr. PURVIS. You remember, do you not, when we put on the sixty-day notice?

Mr. SPERRY. Yes, sir.

Dr. PURVIS. Well, then, after the sixty-day notice expired, did we have any money to meet the demands of the depositors that came in upon us?

Mr. SPERRY. No.

Dr. PURVIS. Do you remember or not whether there was any pro-

vision in the bill requiring all deposits to be made "special" after a certain day?

Mr. SPERRY. Yes; there was.

Dr. PURVIS. Did you not, then, attribute our failure to these two causes I have named?

Mr. SPERRY. No; that was "the day after the fair." Help came too late; that was all. The great catastrophe came at that time, and in consequence of that. We could not get the help we ought to have had from Congress at the time we needed it.

THE HIGH FINANCIAL CREDIT OF THE BANK.

Dr. PURVIS. Were we not in a flourishing condition up to the year 1873?

Mr. SPERRY. Yes, sir; up to that time it was the best institution of the kind this country ever saw. We had managed our credit so carefully that Dunn, Barlow & Company reported us "A 1, A 1, A 1," in June, 1874; and that was the very highest commercial credit.

Dr. PURVIS. In this statement that you submitted you have the real estate property marked at $447,777. Was that the cash value of that property, or was it not marked up by outside appraisement?

Mr. SPERRY. Well, it was a fair valuation for us, at the figures I have given.

Dr. PURVIS. Do you remember, Mr. Sperry, when the finance committee, consisting of Messrs. Huntington, Cooke, and Clephane, resigned?

Mr. SPERRY. No; I do not.

Dr. PURVIS. How long after we went into liquidation was it, do you remember?

Mr. SPERRY. Well, it was long enough, I remember, for these gentlemen to escape their responsibility; I remember that, but I cannot tell just how long after we went into liquidation that was.

Dr. PURVIS. Do you remember who drew up the bill winding up the bank?

Mr. SPERRY. I do not know who drew up the bill which finally passed. I drew up the bill, which embodied some of its provisions, which did pass; that I remember.

Dr. PURVIS. Do you mean before that was submitted to the House of Representatives?

Mr. SPERRY. No, sir; I did not draw that bill; I drew another.

Dr. PURVIS. Do you know who did draw it?

Mr. SPERRY. No; I do not. I drew another and a better bill than that.

AS TO THE INTEGRITY OF THE TRUSTEES.

Dr. PURVIS. My reason for asking this question is that I wanted to show that the trustees took an active part, and that we had conferences with Mr. Maynard at his house, and with Mr. Durham and others, about winding up the affairs of the bank. The newspapers throughout the country have charged that the trustees, as a rule, have been dishonest. As inspector of the bank, I would like to know what you found as to the integrity of the present board of trustees.

Mr. SPERRY. I do not know that it is necessary for me to say anything on that subject. I think that if the trustees had been dishonest these Congressional committees would have found it out before this time.

I want to say here and now, doctor, and to have it go on the record, that you were faithful trustees; you stuck by us when we had very few friends. I want that to go on the record.

Dr. PURVIS. I only asked you the question because the charge is that the trustees had caused the institution to fail by all sorts of blunders and bad management.

Mr. SPERRY. O, yes; they have charged that the institution was a drag-net, from the beginning, to scoop in the savings of the poor colored people. In fact, the institution and its trials have been first-class opportunities for newspaper writers to gossip about.

By Mr. GARLAND:

Q. I understood you to say, Mr. Sperry, that in your examination of the books and the conduct of the business of the bank you did not find any case of dishonesty on the part of the trustees?—A. O, no, sir; there were no cases of dishonesty. I never had the slightest reason to suppose that there were any acts of dishonesty or any collusion with dishonesty on the part of the trustees. I do not believe it. The charge is made out of the whole cloth.

The trustees, I will say, did not all do their duty. The New York trustees did not attend to the affairs of the bank.

Dr. PURVIS (addressing Mr. Sperry). Did not we have frequent conferences as trustees with the finance committee to devise means by which to help the bank out of its dilemma; and did the trustees attempt to keep back any information as to the condition of the bank at any time, or from time to time, from that committee?

Mr. SPERRY. Not from that committee, or from any other committee or persons whose business it was to make inquiry.

THE TELEGRAPHIC CIPHER.

I want here, Mr. Chairman, to file this telegraphic cipher to which Mr. Douglass referred, simply to show that it was a perfectly innocent contrivance which every banking company makes use of in its business transactions by telegraph. I know this copy to be genuine because it was made by myself.

Mr. LEIPOLD. I found that cipher in this envelope (producing envelope containing the cipher), just as it was in the bank when we came there as commissioners.

[For a reprint of the telegraphic cipher see appendix.]

By Mr. GARLAND:

Q. I will ask you, Mr. Sperry, whether the trustees generally helped the officers of the bank when the runs were made upon it, or did any of them?—A. No, sir; I think as a general rule they did not. I think if there had been a personal responsibility behind the trustees, they would perhaps have saved the institution.

MR. DOUGLASS'S EXAMINATION OF SENATOR GARLAND'S BILL.

Mr. GARLAND. In response to my suggestion, Mr. Chairman, Mr. Frederick Douglass has examined the bill reported from this committee in June last amending the charter of the Freedman's Saving and Trust Company, and for other purposes, and recommitted to the committee pending the present investigation, and he has taken the pains to present

in writing his views upon it, which I have to request shall go into the record.

[For copy of Mr. Douglass's letter and Senator Garland's bill see appendix.]

TESTIMONY OF FREDERICK DOUGLASS.

WASHINGTON, D. C., *February* 19, 1880.

FREDERICK DOUGLASS recalled.

THE CIRCULARS ISSUED BY PRESIDENT DOUGLASS.

Mr. Chairman and gentlemen of the committee, there were some questions put to me the other day as to whether I had uttered, while president of the Freedman's Bank, certain circulars commending the bank to favor, and I believe, Senator (addressing Mr. Garland), you asked me if those circulars were still in existence. I have been able to find two of them. I believe there was a third, which I do not find. One is that which I issued immediately on going into the bank, and the other was published a few weeks subsequently in the columns of the New York Herald. The third I do not find.

Mr. SPERRY. I beg pardon, Mr. Douglass, but I think you issued only the two.

Mr. DOUGLASS. I issued, I think, three, but I have not found the other; at any rate, I offer the two to the committee.

Mr. SPERRY. I do not think you ever issued any besides the two you have here presented.

Mr. DOUGLASS. Well, I issued one that was published in the New York Herald, commending its justice in defending the bank.

[For reprint of these circulars see appendix.]

I will say that I wrote these circulars after the legislation by which the bank was brought to a close, requiring that the new deposits should be put by themselves, and should not be used in liquidation of the debts due to old depositors. Then, again, there was a hope that the bank might go on; and I gathered, from my inquiries among the officers of the bank, that it might possibly go on, and it was thought that I might possibly inspire confidence by writing a circular, and I wrote these circulars which I have brought here, under the hope—hoping against hope—that we might be able to resuscitate the bank. I was anxious, of course, if the bank could go on, to have it go on, and all the officers of the bank, the clerks and the actuary and all parties, were, of course, desirous to see the bank go on. And I, especially, under the influence of my old friend, Wilson, whom I had known many years before, had more faith perhaps than some others in the possibility of the going on of the bank and the ultimate success of it, and was, from these considerations, induced to write the circulars. They will speak for themselves. They do not show any overweening confidence in the success of the institution, though I based my hope of its success upon the statements of others.

PERSONAL FEELING BETWEEN THE PRESIDENT AND ACTUARY.

In respect to the personal feeling existing between Mr. Stickney and myself, I have to say that there has never been anything personal be-

tween us of a hostile or unfriendly sort. Whatever feeling I entertained towards Mr. Stickney arose out of our relations to each other in business. When I stepped on the deck of the bank it was in full running trim, like a ship at sea, with all its halyards and all its spars in their places, or out of their places. They were considerably mixed. I found the same trouble when I went into the bank that has been found by the experts. Indeed, experts were even then engaged—I knew but very little about it myself—in trying to ascertain a difference on the books of some forty thousand dollars, when I stepped in there.

Dr. PURVIS. Do you refer to the Washington branch?

Mr. DOUGLASS. Yes, sir; I refer to the Washington branch. And that fact of itself disturbed me a good deal, and caused me to limp a little along. But my friends here said, "Stand by your guns," and my old friend Whipper, of Philadelphia, who had charge of the branch bank there, was writing to me continually to "stand by my guns."

There was no feeling as against Mr. Stickney personally at all, and when I alluded the other day to the fact that this cipher in the hands of the actuary was not explained to me, I stated the reason—at least the ostensible reason—why they were not explained. The fact is, Mr. Stickney, as I said the other day, was at the time a very busy man. He was very much engaged out and in, and was scarcely half an hour at a time in the bank that he was not fully engaged, and I suppose he might have made satisfactory explanations if I had followed the matter up. However, they were not explained to me, and I had some reason, perhaps, at one time, for thinking that there was some design in not explaining that cipher to me. It was when I made an inquiry, on a certain occasion, concerning the meaning of some word or phrase in the telegraphic correspondence in question, that I observed a look between Mr. Stickney and a young Mr. Wormley who was in our employ, that it was "something for us to know and not for him to know." I told Mr. Stickney of it at the time, or soon afterwards; at any rate I told him of it in the board of trustees. So that there is no personal feeling at all in the matter. I desire to see that young gentleman flourish. I have no sort of personal antipathy against him whatever.

TESTIMONY OF MR. SPERRY CONTINUED.

WASHINGTON, D. C., *February* 19, 1880.

Mr. SPERRY. I desire, Mr. Chairman, to limit the remark I made a few moments ago to the board of trustees who were in charge of the bank at the time it closed.

By the CHAIRMAN:

Q. Do you remember the amount of money that was stolen at the Atlanta branch?—A. The Atlanta branch?

Q. Yes, sir; at the Atlanta branch.—A. I remember that there was some money lost there; it was a considerable sum, too, but I do not remember just how much it was.

THE "CLEAN STEAL" AT ATLANTA BRANCH.

Q. Do you remember the name of the cashier at that branch?—A. Cory; Philip D. Cory.

Q. Will you state the circumstances connected with that branch?—A. Well, it was a clean steal, and I had Cory arrested and brought before the proper court there for trial.

Q. How long after Cory had stolen this money was it before the facts became known to you?—A. Well, I had been dissatisfied with him for some time, because he had not been properly attending to the business there. He had the matter so carefully concealed, however, upon the pass-books, which would not come in for some time, that when I made the last examination he appeared to be all right. I had relieved him before, however, on general principles, for the reason that he was not properly attending to his duties there, and I had put another man, a successor, in his place. Almost immediately after I had done this there came up the matter which was discoverd in the depositors' pass-book, by the presentation of that book, which alarmed the new cashier and he advised me of it at once.

Q. You had him put out then?—A. We put him out—just superseded him; and as good luck would have it, almost immediately when one of the pass-books which would have betrayed him came in, I was in Washington, and I telegraphed Mr. Johnson, the cashier whom I had placed in charge over Cory, to have him arrested at once. He was arrested, and a preliminary examination held for his appearance at court. I then went down, had the books thoroughly overhauled, and found him to be a thief to a considerable amount. We brought him to trial before the proper State court sitting at Atlanta, and had a mistrial. We tried him again, and had him sentenced for four years in the penitentiary. He was taken on an appeal by a writ of error in the transcript of the lower court to the Supreme court, and the matter was then dropped. I do not think the man got his deserts. I believe he went scot free.

Q. You put him out because you found that he was stealing?—A. No, on general principles—for neglecting his business, and attending, instead, to private affairs—speculating—and I came to the conclusion that such a man was not a safe one to keep in charge.

Q. When did you learn this in regard to his general neglect of business and his speculations?—A. I had in fact been looking for some months to find a successor to him.

Q. Because he did not attend to his business?—A. No; I repeat, on general principles, because he neglected his duties, and wasnot considered a proper man to be in charge. He was a Congregational minister, and we seemed to have a good many of the connection in the bank. He was an exemplary young man, we thought, connected with the American Missionary Association, and speculating, we found, in real estate, and as I knew him to be poor, I came to the conclusion that he must be speculating with other people's money than his own.

Q. I desire to call your attention to this letter, Mr. Sperry, and ask you if you recognize the handwriting. It purports to have been written by you.—A. (Examining the letter.) Yes; that letter I wrote, most certainly.

The CHAIRMAN. The clerk will please read that letter.

The CLERK (reading).

SUPERSEDING CASHIER CORY, OF ATLANTA.

PRINCIPAL OFFICE OF THE
FREEDMAN'S SAVINGS AND TRUST COMPANY,
Washington, D. C., January 20, 1874.

PHILIP D. CORY, Esq., *Cashier:*

DEAR SIR: In view of the past history and present prospects of the Atlanta branch the board of trustees are disposed to order it closed. But such an order should be made only when every means to prevent the necessity for it has been tried in vain. I

have therefore decided to make one more experiment. I shall send to take charge of the brauch *a colored man*, and rest the matter of success or failure upon the colored people of your city and vicinity. This change I wish made by the 1st proximo.

Your retirement from the branch is necessary to this plan. This in kind, if not in degree, I am sure I regret as much as you can; for I do not doubt your good intentions toward your work. But this change is one of necessity, and I have only to say we will make it in the way most agreeable to you. If you choose to offer your resignation I will see that it is accepted, or we will make the change for the reasons given above.

The gentleman sent to take charge provisionally is Mr. C. S. Johnson, our assistant cashier at Augusta. He will be in your city some days before the 1st of February, and I commend him to your courtesy.

With full confidence in you peronaslly, and with the best wishes for your future, I am,

Yours, very truly,

A. M. SPERRY,
Inspector.

THE COLOR QUESTION.

By the CHAIRMAN:

Q. Can you tell me, Mr. Sperry, what you mean by saying "I shall send to take charge of the branch *a colored man*, and rest the matter of success or failure upon the colored people of your city and vicinity"? What did you mean by that?—A. I meant that he had lost the confidence of the colored people. He was a white man, and had lost the confidence of the colored people; that was why I wrote that. I cannot say that I see the point of your question, Mr. Chairman.

Q. Possibly I can make it clearer to you. When you state that you intended to rest the matter of the success or failure of the bank upon the colored people of Atlanta and its vicinity, and that you intended at the same time to relieve this man, and you go on to tell him how he is to be relieved, I think it is one of those things concerning which it is not improper that you should furnish to this committee some explanation.—A. I referred to the success of that branch.

Q. Well, were you not equally interested in all the branches? I supposed that your duty reached to them all.—A. Most certainly, but the point was this, that he had been reaching out for general business, had been seeking white depositors, or rather had been discriminating in his efforts in that direction, so that the prominent colored people of the city had had good reason to complain against him. There was a continual pressure, I will say, upon us to put these branches in the hands of colored men. We were doing it continually, and we wanted to see the time when the whole thing should be in the hands of colored men.

Q. Well, this man Cory turned out afterwards to be a thief, you say?—A. Yes, sir; immediately on Mr. Johnson's arrival there he struck a discrepancy in the accounts that alarmed me. Johnson advised me of the facts, as I have stated, and I ordered Cory's arrest at once, and he did get a sentence of four years in the penitentiary, which was not carried out, however; and I will say that to the best of my knowledge and belief he is the only man connected with the Freedman's Bank who ever got punished at all for defrauding the institution.

Q. He was never connected with the institution after this?—A. I should think not.

Q. Do you know whether he at any time afterwards held any prominent position anywhere?—A. I never knew what became of him. I know I got him convicted and sentenced to the penitentiary. They took exception to the rulings of the lower court upon some point of law and had him carried up to the supreme court, and there being an error

in the transcript of the record as it went up, I was informed that proceedings would have to be gone over again *de novo*, and we dropped it, and I suppose the man went scot free.

Q. Did you not write strong letters recommending him for the place?—A. Very likely; but—[reflecting] no; I do not think I did; but for aught I knew about him when he went into the bank I should have done so; he was a young man very respectably connected, as I said.

Q. You think it is probable, then, that you did commend him?—A. I do not recollect anything about it. I do not seem to recollect when he was appointed, or by whom he was appointed, cashier of that branch. There was never any objection made to him when he was appointed; never any made that I ever heard of. I do not think, however, that I had had any acquaintance with him. My impression is that I was not a party to his appointment. I think that Mr. Harris, of New York, was. [Reflecting.] Yes, Harris established the Atlanta branch, and I think appointed Cory cashier.

Q. You had confidence in him, you say?—A. Yes, I reposed confidence in him. It is because you have confidence in men that they are put in places of trust and responsibility. But with regard to this question of color, Mr. Chairman, I think my friends will bear me out that I stood fast on the color question every time.

Q. It has been asserted again and again that more than once, when it was found that the institution was about to fail, or had got in serious trouble, that some colored man was called forward to take the helm at that critical time; I will not say for what cause. I do not make the assertion, but ask you for the facts in the case.—A. That was not true; there is no truth in the statement or in the intimation it would hold out. We were continually calling colored men more and more into the service of the bank. When we began there were but few colored men outside of cities in the North who were fitted for these places by knowledge and experience in the banking line. Other things being equal, we always gave the preference to colored men in filling these places, as was only right and just. So far as I had anything to do with it, that was my preference and course. I do not think—let me see [pondering]—I do not think that we ever had a colored man at any of the branches that ever was in default. Do you call any to mind, Dr. Purvis?

Dr. PURVIS. Not one.

Mr. LEIPOLD. You forget Hunter.

Mr. SPERRY Well, he was a mere subordinate working at ten dollars a week, and he did not steal more than twenty-five dollars, I believe. That was a petty case.

[Mr. Leipold referred the witness to instances in the Washington branch, to which Mr. Sperry replied that he wished to file an exception to his remark as to the Washington branch.]

TESTIMONY OF GEORGE W. STICKNEY, CONTINUED.

WASHINGTON, D. C., *February* 19, 1880.

GEORGE W. STICKNEY recalled.

Mr. CHAIRMAN. I wish to say one or two words in regard to the testimony of Mr. Douglass in one or two of its particulars.

When Mr. Douglass came into the bank I had nothing but the kind-

est feelings toward him, and I have not had since. In regard to the cipher dispatch, Mr. Sperry and I got that up so that the correspondence between the principal office and the branches might be kept strictly private and to ourselves. When Mr. Douglass was made president I gave to him one of the keys to the cipher; I think it was on the first or second day after he became president of the bank, and so far as I knew and supposed he had it all the time. In reference to the instance he brings forward, I will explain that. Mr. Wormley was standing at my desk on the day and occasion in question, when a telegram came in from one of the branches in relation to a run that was being made upon it. I opened the telegram and took it in and handed it to Mr. Douglass in his little room. It was in cipher. He brought it out to me and said that he did not understand one of the phrases. I do not remember the remark I made, but the look which he says I gave was not intended for Mr. Douglass at all, but my meaning in it was that I did not want Mr. Wormley to know anything about it, for Mr. Wormley was an outsider, and had no business to know the nature of the dispatch; as it was in regard to one of the runs upon one of the branches. So far from any information being withheld from Mr. Douglass, whenever he asked for any information I always endeavored to give it. It is true that at that time I was very busy night and day trying to raise money for the bank, and I might not have consulted him as much as he desired, or as much as I might have wished, but any information he wanted I always tried to furnish.

Mr. SPERRY. Mr. Leipold has refreshed my memory, Mr. Chairman, upon certain matters in the statement I made concerning the responsibility of colored cashiers. I wish to add that perhaps later facts will show that the colored man has the same right to be an American citizen in that direction as any others. There are several cases of apparent default that I had forgotten. It is not pertinent except as qualifying the too general statement, perhaps, that I made.

Adjourned to Saturday, February 28, 1880.

COMMITTEE ROOM OF SENATE SELECT
COMMITTEE ON THE FREEDMAN'S BANK,
Washington, D. C., March 6, 1880.

The Select Committee of the Senate on the Freedman's Savings and Trust Company met this day in the committee room of the Senate Committee on Territories at 10 o'clock a. m.

Present, Messrs. B. K. Bruce (chairman) and A. H. Garland.

TESTIMONY OF MAJ. GEN. O. O. HOWARD.

Maj. Gen. OLIVER OTIS HOWARD sworn and examined.

By Mr. GARLAND:

Question. General, were you ever a trustee of the Freedman's Savings and Trust Company?—Answer. I was elected a trustee, and I tendered my resignation immediately as soon as I was informed of the fact of my election. I do not think I ever acted as trustee at all. I may have voted at one meeting.

Q. You do not recollect serving beyond the one meeting, if that?—A. I was present at one meeting, and gave in my resignation at that meeting.

Q. When were you elected a trustee, general?—A. I think it was in the year 1872; the month I could not tell at this moment; it did not make a very strong impression upon me, because I never intended to serve.

Q. Was there any question ever raised by the board as to the legality of your election as trustee?—A. Not that I know of.

Q. What was the cause of your resignation, general, if you have no objection to stating it?—A. I had already very heavy responsibilities resting upon me, and I thought that would increase them; and I had at the time, I think, a small loan at the bank, and if I remember rightly I could not serve, under the law, as a trustee, while I had that loan.

Q. Were you not afterwards elected as honorary trustee?—A. Yes, sir; I think I was. I believe I was put on as an honorary trustee, a position that involved no responsibility.

Q. That did not obligate you to attend to any of the business of the institution, did it?—A. I did not consider that it did. In fact, it was done without any consultation; it was probably done simply for the use of my name.

Q. Were you connected with the management of the affairs of the institution in any way?—A. I never had anything to do with the management whatever.

Q. Did you know anything about the management in reference to the deposits and loans, or anything of the minutiæ of the business transactions?—A. I knew the percentage that the bank paid to depositors, and I remember that it was changed from five per cent. to a larger per cent.—to six per cent.; but I had no specific knowledge; that is, I did not know who were on the committee on loans, or anything about the division of their work or labors. I only knew, in a general way, what any depositor might know. I was a depositor in the bank.

Q. You were a depositor?—A. Yes, sir.

Q. Did you know anything of any of the individual loans other than your own that were made by the bank; I mean by that, the amounts of such loans, securities on which they were made, value of the securities, &c.?—A. Not in a single case, sir; I never knew of one case.

Q. There was a loan made on the 6th of April, 1873, to R. M. Hall, of $8,658; did you know anything about that?—A. No, sir; I never heard of it until this minute; I never knew anything about it.

Q. You were connected in some official way with the Young Men's Christian Association in the year 1871, were you not?—A. Yes, sir.

LOAN TO THE YOUNG MEN'S CHRISTIAN ASSOCIATION.

Q. It appears that under the date of April 18, 1871, a loan was made to yourself and Mr. Henry D. Cooke, of $33,000, the security for which consisted of real estate belonging to the Young Men's Christian Association; do you recollect anything of that, general?—A. I remember something in reference to that; I think it was the "Young Men's Christian Association Company," and not the Young Men's Christian Association proper; it was what used to be called the Building Company of the Young Men's Christian Association; that is, the company that owned the building.

Q. The building company, and not the association proper?—A. Yes, sir. Mr. Salmon P. Chase was president, and I was vice-president, and Mr. Cooke and myself were a committee to negotiate the loan for the company, and we did.

Q. Was the loan, according to your recollection, negotiated upon am-

ple security?—A. I do not know; but I think it must have been. We submitted our proposition. So far as I was concerned with Mr. Cooke, we simply submitted the proposition to the cashier, or the actuary, and he laid it before the committee of the bank, and the loan was granted subsequently.

Q. It was granted in the usual way, you mean—passed the ordeal of the trustees?—A. Yes, sir; it went through the ordeal. It might have been in this way: that the loan was made at the discretion of the actuary or cashier, whichever it was, under delegated instructions, or it might have been made under direction of the committee; loans were made at that time, undoubtedly, under direction of the committee; but this loan was not made immediately. We submitted it to the cashier, or actuary, and we got our answer through him.

Q. Was the loan ever paid, general?—A. I only know, as to that, by hearsay. Mr. A. S. Pratt, the agent, told me that it was all paid.

Q That it was all paid?—A. Yes, sir; that every dollar of it was paid.

THE LOAN TO O. O. HOWARD AND HENRY D. COOKE.

Q. It appears, general, that under date of April 18, 1871, a loan of $33,000 was made to O. O. Howard and H. D. Cooke—the one I have been speaking of—secured by lots three and four, square 407, upon which stands the Young Men's Christian Association building. Under date of November 18, 1871, appears a payment of $700, which has been erased, and a memorandum is on the register to this effect: "Returned January 2, 1872." Do you know anything in reference to that erasure, and why the memorandum was placed there? It appears first to have been a payment of $700 upon this, and afterwards erased?—A. I understand your question, and am trying to recall the matter.

Q. Can you explain anything in connection with it?—A. No, sir; I cannot. I never heard of a withdrawal of a payment after a payment had been made. I never heard of the withdrawal of any payment.

Q. Have you ever heard of this transaction until now, general?—A. Never, until now.

Q. This is the first time your attention has been called to it?—A. Yes, sir; I should certainly have remembered it, and would have been interested in preserving the payment, if I had known of it.

Q. You have, then, no recollection of it, and can give no explanation to the committee in regard to it?—A. No, sir; I cannot recollect it now at all, or anything about it.

LOAN TO E. S. FOWLER IN NAME OF JOHN H. COOK.

Q. It appears, general, that a loan was made February 7, 1872, in the name of John H. Cook, for $13,000, upon which payments were made at various times until the 9th of July, 1872. At that time E. S. Fowler assumed the balance then due, and the account against Cook was credited with the balance, and closed. The amount remaining unpaid, it seems, was $12,394.15; and on that date, July 9, 1872, an account is opened with E. S. Fowler, charging him with $12,369.15, being $25 less than the real amount. From the correspondence on file in the commissioners' office we find that although the loan appears in the name of Cook and Fowler, General Howard is regarded as responsible for it. Can you give any explanation of that matter?—A. Yes, sir, I think I can explain that fully. What, may I ask, was the amount first loaned to Cook, Senator?

Q. Thirteen thousand dollars, general, on which payments were made at various times.—A. Well, that was not the original loan. The original loan was made by myself, if I remember rightly; but, as I was going to Arizona, by direction of the President, and did go, and spent nearly a year amongst the Indians there, I could not attend to my private business here. The loan was secured by notes—by quite a number of notes—and these notes were secured by mortgages upon property here, and it was too much for me to manage while away; so I concluded that it would be better to put it into other hands. I was responsible for it, although Mr. Cook, who was my attorney, had it directly. I came back in July, and at that time negotiated with Mr. E. S. Fowler for the transfer to him of the whole thing—for the sale of it to him outright. Mr. Fowler was then in the Treasury Department. He was a friend of mine, a young man who had just studied law, and an active and accurate business man in whom I had entire confidence. I negotiated for the sale and transfer of it to him, and gave him all the collateral security. There were some conditions upon the collateral, by which he was to return to me some portion of any surplus when he should dispose of the matter; and it was arranged that he should use these notes, collect the amounts as they came due on the notes, and pay them in, and so on. Then we thought it would be better, and the bank thought it would be better, for him to assume the obligation entirely, and with the consent of the officers of the bank he did so. A portion of the old note was paid. He gave his own note and took my collateral—all of it. All the notes were indorsed by me—every one of them—so that he had all the notes, with their security, as collateral; and ever after that, until my return to Washington, he managed it, and I intended that he should continue the management. But when I got back again to Washington, he was about severing his connection here and was going to New York, and he said that he wished I would resume the whole matter; so that, without any formal change at all, I have continued the payments, or, at least, the bank has done so in the collection of these notes, until they have used all the collateral up, and now call upon me for the balance. The collateral was valued at the time at the bank's own valuation, of course, at more than double the amount of the loan. We estimated at the time that it was worth about three times the face of the loan, but it did not fetch it after the great shrinkage in property values in Washington.

It might be possible that the first time there might have been something in reference to my being a trustee in the minds of these gentlemen (referring to the bank men), but in reference to Mr. Fowler there was no such thing; for that was some time subsequent, and it would have been impossible for me to accept any loan whatever as trustee, according to the law, if I remember the law on that point rightly; but I think that the transaction of Mr. Fowler was entirely independent; it was a simple transfer for his convenience and mine, with the consent of the bank.

LOAN TO W. P. DREW, TRUSTEE.

Q. Well, I desire to call your attention to another loan, general, made to W. P. Drew, trustee of the bank, and, as is claimed, in violation of section 12 of the charter of the institution. It was made September 30, 1870, for $500, and on your indorsement. What is your recollection as to that loan?—A. What was the indorsement, Mr. Senator?

Q. It appears as an indorsement of a note of W. P. Drew by O. O. Howard?—A. I will state as to that, that Mr. Drew was a confidential

clerk of the Freedman's Bureau, having charge of one of the divisions, and is now one of the trusted agents of the government, I think, in the Solicitor's department, on the examination of the national banks for the department. I always regarded Mr. Drew as good, and I indorsed his note, but I never had anything to do with his violation of the charter of the bank.

Q. Do you recollect indorsing this particular note on this loan of five hundred dollars made on the 30th of September, 1870?—A. I have an indistinct recollection of having indorsed a note for him, but the loan I have no recollection about whatever. I remember having simply indorsed his note.

Q. Do you recollect the terms of the note that you indorsed for him?—A. No, sir; I have no recollection of the matter further than the fact that I simply indorsed a note for him.

Q. You think it was simply a note at large, to be negotiated anywhere?—A. Anywhere in the world, I suppose, where he could negotiate it.

Q. You did not know where he intended to negotiate it?—A. Not at all. He was a gentleman whom I trusted, and he simply brought me a note and asked me for my indorsement, which I gave him, believing him to be perfectly good for it.

LOANS FOR HOWARD UNIVERSITY.

Q. General, did you obtain loans from the bank, at any time, for the Howard University? If you did, please state to the committee as near as you can recollect the amounts of these loans, the time, the purposes for which they were obtained, and what securities were given?—A. I do not think I made any loans for the university myself, ever. I think the treasurer of the university did make loans. The treasurer was George W. Balloch. I think that he made loans for the university. I was, at one time, trustee of the university, and was afterwards president of the university for several years.

Q. You do not remember, then, that you ever yourself made any loans from the bank for the university?—A. No, sir; I do not remember that I ever made such loans.

Q. And you are not positive—that is, you cannot now say, whether the treasurer, Mr. Balloch, did or did not make such loans for the university?—A. O, I believe he did; yes, indeed.

Q. Have you any idea, general, how many he made?—A. No, sir; it would not be a matter that I would carry in my mind at all. I should not charge my mind with it.

Q. I suppose not.—A. No; for that was not my business; it was the treasurer's business under the university trustees to attend to financial transactions of the university and not a matter that belonged to me.

GENERAL HOWARD AS A DEPOSITOR IN THE BANK.

Q. Were you a depositor, general, in the Washington branch of the Freedman's Bank?—A. Yes, sir.

Q. Were your deposits on your individual account, or on account of the university, or of any other institution, or association, or fund, with which you were connected?—A. I deposited in several different capacities. First, I was a depositor on my own individual account; next, as special treasurer of the Congregational Church here; and next, in behalf of a trust fund that was transferred to me, and was already in the

bank, and when I succeeded to the position of treasurer of the fund it came to me. On these three accounts I made deposits with the bank. And then I deposited very often in my personal account on a fund which I marked "B," meaning "Benevolent fund." Money was frequently sent to me for disbursement, and I would deposit it in that way in the bank. So that these different deposits in these several capacities amounted in the aggregate to a very large sum.

Q. I understand, then, that you deposited to your own personal fund, and as trustee for the Congregational Church in this city, and as trustee for another fund?—A. Yes, sir.

Q. Were there any other funds, that you now recollect, general, of which you were trustee, and on which you made deposits?—A. I might have deposited for the Young Men's Christian Association. I had three separate accounts, and I might have deposited for the Young Men's Christian Association. I collected also a good deal of money for the Young Men's Christian Association, but whether I put it all in one, keeping my own accounts, or separated it, I have forgotten.

Q. When you sent in your deposits, general, was it your habit to indicate on them in any way the particular fund to which they belonged?—A. Yes, sir; invariably. I do not believe that I ever omitted to do that, or made any mistake in marking the particular fund to which the deposit belonged.

Q. So that you did not get the different funds mixed?—A. I did not get the funds mixed at all. If they got mixed it was not through carelessness or error on my part.

Q. Do you recollect, general, the largest amount you had on deposit at any one time—taking your personal account and the different trust funds together?—A. I used to run it up sometimes to twenty or thirty thousand dollars on all the accounts. Perhaps altogether I deposited over $200,000 with the bank. In all the several years, with the several accounts I had, the amount may have reached as high as $250,000 in the aggregate.

GENERAL HOWARD'S PERSONAL ACCOUNT.

Q. When you closed your account with the institution, did you examine your pass-books, general?—A. No, sir; I did not—not carefully.

Q. Did you examine your pass-books at any time?—A. It was not my habit to do so. I may sometimes have done so, but a final settlement of all my accounts never was really had.

Q. You mean your account has not been finally passed upon?—A. Yes, sir; I found one of my pass-books here in Washington since my arrival. Those I had with me we have examined with a view to discovering if there were discrepancies in the account.

Q. Did you find the account correct, so far as these books went?—A. At first the balances were so near to those I had, in keeping my own accounts, that I never went specifically through them in comparison; but as soon as it was intimated to me that there was something wrong in the books, I then instituted a very careful examination, and with the books that I had I found a great many mistakes, and some quite serious mistakes—in the deposit-books, I mean; but until then I had discovered but one. There was a disparity of about $1,000, and I had a correspondence in reference to it for a long while during the time that my agent was living. My agent died, and the correspondence ceased.

Q. Who was your agent?—A. John H. Cook, attorney-at-law, was my agent.

THE PASS BOOKS IN GENERAL HOWARD'S ACCOUNT.

Q. Did I understand you to say that all your pass-books were returned to you with the exception of one, which you found when you came here this time?—A. No, sir; there is one wanting still.

Q. Still another?—A. Yes, sir; I thought it was here, but I cannot find it. This one (exhibiting) we found since my arrival, but I have not been able to make any comparisons. But there is another still, which I have not been able to find—the last account. Maybe there *is* no book. The credits to me were made probably from the payments of the notes, and there are very few disbursements, and there may not have been a pass-book at all. I closed my account, or thought I closed my account, and transferred it to the Second National Bank of this city, and continued to do my business there. But I see now a good many credits on the books of the Freedman's Bank and some expenditures, but I have not the pass-book.

ALLEGED OVERDRAFT IN GENERAL HOWARD'S ACCOUNT.

Q. The accountants of this committee, general, show that your personal account was apparently overdrawn $2,415.78. What is your recollection about that, if you have any recollection concerning it?—A. According to the pass book there was *no* instance of overdraft. At the settlement there was claimed to be some few dollars, about $30 or $40, I believe, against me, and I drew my check for the amount and paid it into the bank. Then the books were closed, so that, apparently, there was no overdraft; but on examination, first of the pass-book, I find that in my draft of $31.60, if I remember the amount rightly, the figures had been pushed to the left and made $3,160, or three thousand and odd dollars, against me. There was another draft of quite a large amount, some five thousand dollars odd, that were pushed the other way, on the pass-book, making it only fifty-three dollars and something. This was on the pass-book. The drafts themselves were correct, of course. And by noticing all these mistakes that had been made, I went to work to examine it as carefully as I could, and since I have been here I have found two or three things that have reduced the amount of the apparent disparity very much, so that I am quite satisfied, if the mistakes were corrected, the account by the real balance would be just about square; that is, there is no essential overdraft.

SPECIFIC ERRORS POINTED OUT.

On January 7, 1867, I find on the ledger, and not on the journal, $102.50 and no draft.

Q. That should be in your favor, you say?—A. Yes, it would be in my favor, but there is no draft; I had drawn no draft; it is somebody else's, accidentally charged to me on the ledger, but it don't occur on the journal; and then there is no draft.

July 27, 1871, there is a deposit and no credit given of $400. I have a receipt of the bank for that $400.

Q. What is the date of that receipt?—A. It is dated July 27, 1871.

June 3, 1872, there was a deposit of $458.33 and no credit given; the receipt is here; I had these deposit checks (exhibiting them).

September 26, 1870, a deposit of $90 was entered by mistake as a draft. It should have been entered on the other side of the account, and that would make a difference of $180 in my favor. Your expert had noted that error himself.

February 4, 1870, a draft of $40 is carried out as $60 on the books, making a difference of $20 in my favor.

October 17, 1871, a draft for $75 is entered as $750, and it seems as though a mistake had been made and the draft carried out as $750, as on the same date $75 is in there, and no draft of $750 is drawn; so that there is a mistake there of $750 dollars in my favor.

September 27, 1870, the deposit slip shows $90, that is not on the books, that should have been credited as a deposit. I find the deposit, but no credit for it.

March 12, 1872, an erased draft in the ledger is restored, and I stated that there was no draft at that date. The amount was $260.50. I supposed that that was an error, and that there was no such draft, until this morning, when your expert brings me a draft of $260.50 drawn by my wife, Mrs. Howard. I have no doubt that the draft is correct, so I shall have to pass that out. I do not know why it was erased on the ledger.

Mr. FITZPATRICK (committee's expert). Some other items, you remember general, you transferred to the school fund.

The WITNESS. O, yes.

On November 16, 1872, there is a deposit of $100 that is credited in the deposit-book and stricken out of the ledger. I find that $100 on my deposit-book now. The experts could not have known that, because I had the pass-book. It is in the pass-book, and I want it restored, and the $100 placed to my credit.

There is another case in the same month. It seemed to be July 3, or July 4, as I read them, but I find I was mistaken, and that it is July 21. There are two amounts for $200. For one of them I have a draft, and for the other I have not. I think that that is a mistake against me, although I am not perfectly positive, of course, for the draft might have been lost.

Then there is a similar one of September 10, 1868, for a small amount—$20. These two I feel very uncertain about; I could not swear to anything with regard to them; and I simply call attention to the fact. I have done the best I could with the books I have, but I find a great deal entered against me there, written in the books "notes," "notes." Well, the bank very often settled a note when it came due, if it was at the bank, and I did not bring my note-books with me; I have them at home. I never thought with reference to this of the notes being so entered, and if there is any further disparity, I think it must lie in these notes, in some mistake in the charges on these notes.

ACCOUNTANTS' STATEMENT OF THE ACCOUNT.

Mr. GARLAND. Now, general, the accountants restate your account, and allow you the credit of $948.33, and deduct that from the overdraft of $2,415.78. This still leaves you indebted to the amount of $1,467.45. Now put in the three items you claim, of $100, November 16, 1872, and $260.50, March 12, 1872, and $750 paid October 17, 1871, and that still leaves you some three hundred and fifty-odd dollars behind.

The WITNESS. But the $90 is not allowed me.

Mr. GARLAND. Yes; that is allowed. The accountants allow you the $90, and June 3, 1872, $450, and July 27, $400.

The WITNESS. There is another $90, you remember.

Mr. FITZPATRICK. That is accounted for in the original statement general.

The WITNESS. No, but there is still another not accounted for.

Mr. GARLAND. He gives you one item of $90 in September, 1872.

CLERICAL ERRORS THE CAUSE OF THE DISCREPANCY.

The WITNESS. That leaves me $350 behind. You will have to diminish that if you allow me the $250 where I have no draft; that will diminish that still further, about $220 more. The rest of it I cannot account for now. It was a great while ago, you must bear in mind, and it will be exceedingly difficult for me to verify positively the actual facts, as I have no doubt they stand to my credit. Your accountants have already discovered so many clerical errors in the books themselves, arising from the loose methods of keeping them, which makes them unreliable as evidence, that I am satisfied that my balance, according to the pass-books, would be found correct, if I could get at all the facts and figures exactly. I mean a *true* statement of the exact amounts that I put in and drew out.

ATTENTION FIRST CALLED TO THE ALLEGED OVERDRAFT.

Q. When was your attention first called specifically, general, to this overdraft of twenty-four hundred and odd dollars on your account?—A. My agent here in Washington informed me of a discrepancy in the first instance. Mr. F. H. Smith, my agent, first called my attention to the alleged overdraft. He wrote to me and stated that he had been informed there was an overdraft, and I replied that it was impossible; and I wrote to Senator Bruce and Senator Hamlin, and asked that I might meet the committee if necessary, and state to them that there could be no such thing, because I had my books, and they were balanced. Then, next, the chairman of your committee telegraphed me, and I instituted an examination. This was the first time that I found these several disparities that I have referred to.

The CHAIRMAN. I suggested some time ago that General Howard's agent here might explain these matters, in the absence of the General, without the necessity of bringing General Howard here before the committee; and we called the attention of the agent to the account, but he could not explain it. When I found the draft of October 19, 1870, of $5360 on the ledger, charged against the account, and the entry on the pass-book charging the account with only $53.60, I telegraphed to you, general (addressing witness), to know what draft you drew on that day, and you telegraphed me in reply $5360. That seemed only to complicate the matter more, and when at last we found it would be impossible to settle the account with only the data we had in hand, and without personal explanations, I thought it necessary, in the interests of the truth in this investigation, that you should be summoned to appear before the committee, and especially as you had already asked to have the benefit of a personal explanation, if necessary.

By Mr. GARLAND:

Q. You alluded to errors in the books, general. It seems that on the 19th of October, 1870, you are charged with a draft of $5360 on the ledger, as has just been stated, and that on your pass-book you were only charged with $53.60, being a large error in your favor; and also that on the 3d of January, 1871, you are charged on the ledger with a

draft of $31.61, which was paid, and on your pass-book you were charged with $3,161, being a large error against you?—A. Yes, sir.

Q. Now, when did you first discover these errors, general?—A. Just as soon as I received this telegram from Senator Bruce, I got Captain Sladen, my senior aid, and a clerk to take these old returned drafts and go through them and compare them with my copy. I kept a copy of them. The books were here, so that I could not compare them with the drafts, but I compared them (the drafts) with my copy.

Q. You had not discovered the errors, then, before this telegraphic correspondence between you and the chairman?—A. No, sir; not until then; I had not known of the errors before.

Q. You did not discover them from the pass-books?—A. No, sir; the pass-books that I had were balanced, and I never compared them. I would have done it most likely if I had been here, but I was absent the whole of that year. In all probability I would have examined the pass-books and discovered and corrected the errors at that time. The reason why I did not do it was because they were balanced all right, and I would throw them aside and go to something else.

Q. Now these are very serious mistakes, and when put together they make the amount of your overdraft nearly twenty-two hundred dollars. These seem to be unusually glaring errors, involving a large sum, to go uncorrected.—A. I see they do; but you notice also there are other mistakes on the books that bring the amount back again. Put these in correctly, and put in the others, and the amount of the overdraft is brought back to within three hundred dollars and less; and if the two hundred dollars in doubt is an error, that will bring the draft to within two hundred dollars in round numbers.

Q. General, have you examined the books of the institution with reference to the accounts of any other parties besides your own?—A. No, sir; I have not.

Q. Do you know, or have you heard of any mistakes of this sort occurring with reference to accounts of other persons with the bank?—A. I do not recall the fact, if I have, at this moment.

Q. I mean of this sort, where $5,360 is changed to $53.60, and $31.61 to $3,161—errors of that general character. Are errors of that kind common through the books, or have you any information on that?—A. I never discovered any; did not examine the books with reference to that, or with reference to any account but my own. I know, however, of a friend of mine, who was always very careful in his accounts, complaining of mistakes that had been made in his case.

Q. Mistakes of the same character we have been speaking of?—A. Yes; but I never heard of any errors so large as these that have been made in my own account.

Q. But of the same order?—A. Yes, of the same order; but I never examined his books. And there are in my own account a great many other mistakes of small amounts that I have not brought to the attention of the committee—mistakes of a few cents only.

GENERAL HOWARD ACTING THROUGH HIS AGENT.

Q. This matter, then, that we have been going over, so far as you are concerned, was mostly carried on by your agent?—A. Yes, sir; during 1872 I was absent from Washington altogether, and during 1873 I was absorbed in a very important investigation before the court of inquiry of which General Sherman was president—the Belknap court. In 1874 I was sent to the wild Indians in Oregon, and I have since been so

much absorbed with my duties and labors there as to be able to pay very little attention to private business, and have had to conduct everything here through an agent.

WITNESS'S OPINION OF THE GARLAND BILL.

Mr. GARLAND. General, have you examined the bill reported by this committee last spring, but recommitted in view of this investigation? If you have, I would like to have your ideas as to the theory and policy of that bill, as it looks to the winding up and closing out of this institution?

The WITNESS. Yes, Senator, I read the bill and I think it admirable in its provisions. I would like to see the institution closed up. If it were possible, leaving out my personal interest, of course, I wish that the depositors could lose nothing by the bank. The work was carried on virtually and practically under the guarantee of the United States. The president of the bank interested himself with Congress and got the charter from Congress, and almost all the depositors looked upon it as virtually a United States bank. We all felt very sure about it, and thought it was well backed up. I was solicited to become president of the bank a good many times, but I always declined. I had too many responsibilities already, and I really had nothing whatever to do with the management of the bank. I never used the bank in any other way than as depositor, except that in the Southern States I used the branches sometimes in the payments to holders of bounties, those to whom bounties were due. I used it as an agency for this purpose where I could. I used also other local banks and every means I could, because I was obliged under law to pay in currency, and it was very convenient to use these branches. I was forbidden by law to pay in checks or drafts, and could take advantage of any bank in the immediate vicinity. These being used in that way, and assuming to have the backing of the Government of the United States, I think it would be reasonable and fair that the government should do its best to make good the losses to depositors. That is my opinion. The provisions of the bill looking to the winding up of the institution I like very much indeed.

THE FREEDMAN'S BANK STARTING WELL.

Q. The bank started under good auspices, you think?—A. Under the very best. The finest men we knew of were put in connection with it. At least, my attention was called to them when I came here in 1865, and I knew a good many of the men in New York who were connected with it then, and they were excellent men.

Q. The bank did very well for some time, did it not?—A. Yes, sir; it did very well.

CAUSES OF THE FAILURE.

Q. Do you recollect up to what time it commenced receding?—A. I cannot recall the time exactly, but I will state that there were two or three things that appeared to me to injure the bank early in its operations. One was the changing of its charter opening up the business of the bank to outside securities, instead of confining it to United States securities. Real-estate securities would have been all right if they had been properly managed, although they would take some time to be realized upon and always involved the danger of shrinkage, as we have

seen since. Another thing was, endeavoring to please the people by paying too high a rate of interest. That was a great mistake. I heard of it and said so at the time. I was afraid they had not income enough to pay the great number of employés necessary throughout the United States. It was a very large concern, and I was very much afraid it would break after it began to do the business in the way I have indicated. And finally, the thing that caused its failure was, in my judgment, the failure of Jay Cooke & Co. and of the First National Bank, which rendered securities that would otherwise have been good—as good as could be—almost worthless.

The CHAIRMAN. Mr. Fitzpatrick, the expert accountant of the committee, desires to make a statement here by way of explanation of the account of General Howard.

Mr. FITZPATRICK. If the committee will allow me, I desire to say a word or two in reference to the statement of the account of General Howard.

General HOWARD. There seems to be a very serious mistake—if the committee will allow me to speak of another matter before Mr. Fitzpatrick proceeds. Whether by gradual deposits or otherwise, there got into the educational fund nearly three thousand dollars that do not belong there. I drew a draft for that amount, and the draft is marked paid, yet I find it was not paid according to the books of the bank. It was a draft for $2,712, and the words "for transfer to other books" are marked on it. It was drawn on this trust fund, and should have been credited on the other, but it seems first to have been properly credited and then to have been scratched out. It was put back to the wrong fund. While it does not affect the entire trial balance, yet it does affect the accurate statement of my account, and while it may not be of material value to the committee, yet I noticed the mistake and am occasioned a heavy loss, as the trust fund was settled by the bank statement. It serves to show the unsettled condition of my account on the books of the bank.

STATEMENT OF THE EXPERT AS TO GENERAL HOWARD'S ACCOUNT.

Mr. FITZPATRICK. (Resuming.) From our examination of the bank books, we find that General Howard's account is overdrawn $2,415.78, which we explain as follows:

Up to the 26th of May, 1870, we find the books all right—the balances correct and the account correct.

I beg to submit to the committee the following, as a true statement of General Howard's account as appears from a careful and thorough examination of the books:

Account correct to May 26, 1870.

December 1, 1870.	Balance due General Howard per our examination	$3,441 99
December 1, 1870.	Balance due as stated on ledger	3,030 61
	Being an increase to credit of	411 38

Which is explained as follows:

1870.			
June	6.	Balance stated on ledger too little	$9 00
August	17.	Balance stated on ledger too little	200 00
September	3.	Balance stated on ledger too little	10 00
September	5.	Balance stated on ledger too little	90 00
September	26.	Deposit this date $90, posted on ledger as a draft, making a difference of	180 00
		Total additional credit	489 00

From which we deduct—

May	26. Deposit this date posted twice and making balance too much by	$77 50	
July	2. Balance stated on ledger too much	02	
August	27. Balance stated on ledger too much	10	
	Total erroneous credit	$77 62	
	Making increased credit as above		$411 38
1871.			
March	6. Our examination shows a further increase in balance to General Howard's credit on this date		20 00
	Making a total balance to his credit to March 6, 1871, in excess of ledger balance		431 38

This increase of $20 is explained by a draft of $40 February 4, 1871, posted as $60.

Starting now with a balance to the credit of the account, as shown to be correct to March 6, 1871, we bring it down to June 20, 1871:

We have balance to credit March 6, 1871		$2,028 60
To which we add total deposits to June 20, 1871		2,258 64
Making total deposits to June 20, 1871		4,286 64
From which we deduct all drafts from March 6, 1871, to June 20, 1871, amounting to		4,537 46
And we show the account overdrawn		250 82
Whereas the ledger has a credit balance to the account on June 20, 1871, of		1,803 79
Making a difference of		2,054 61
To which we add draft March 12, 1872, not included in ledger additions	$260 50	
Deposit November 16, 1872, for which we find no corresponding entry on the journal, scratch book, or deposit slips	100 00	
Draft July 8, 1871, of $20 should be $21	1 00	
	361 50	
And deduct for—		
September 12, 1871, draft posted too much	11	
September 23, 1871, draft posted too much	36	
	47	
		361 03
		2,415 64
Add for an unexplained difference		14
Which makes the account overdrawn		2,415 78
General Howard's total deposits were		$212,748 91
And his total drafts		215,164 69
Overdrawn as stated		2,415 78

Since General Howard's arrival in the city he has been at the bank three or four days. We have gone over the account very carefully, and examined the books with the utmost scrutiny, and compared the account with the deposit slips, drafts, and books that the general brought with him. As the result of this examination we have discovered errors which give to his account additional credits to which it is undoubtedly entitled, because he has exhibited receipts of the bank for money for which the books do not give him credit.

For example, General Howard claims credit for a deposit of $90, made September 26, 1871. For this deposit he presents the deposit slip signed by the receiving teller showing that the general did deposit

the money, but the books of the bank fail to give him credit therefor. And on June 3, 1872, he claims a deposit of $458.33, for which he presents the deposit slip, but there is nothing on the books showing that such deposit was made. At least there seems to have been an entry on the books of that amount or some other amount of that date, but for some reason it was erased. Why this was done it is impossible to say. General Howard has the slip for the amount, which entitles him to the credit for that deposit which he claims.

Mr. GARLAND. You state that there is nothing whatever on the books to explain the erasure?

Mr. FITZPATRICK. Nothing whatever. We find that General Howard was in the habit of depositing his salary every month, and the deposits appear regularly every month for four or five months, before and after the date of this slip, but this month it was left off the books entirely.

Then again, on the 27th of July 1871, there was a deposit of $400, for which the books give no credit. These sums taken together make a total of $948.33 to which General Howard is entitled, but which the books do not credit him with. This sum we have deducted from the total amount of the overdraft as reported by us, leaving the account still overdrawn $1,467.45.

Now, in addition to these credits, General Howard claims other credits which we do not allow. One is a deposit of $100, on the 16th of November, 1872. This amount we find to his credit on the ledger, but we cannot find any trace of it on the journal, nor any deposit slip for the amount, nor does the general present any slip for it. There is nothing there to show that the money was deposited at all. It appears, however, on the pass book, but the pass book appears to have been copied from the ledger; and if it was copied from the ledger, that of course would be but the copy of an error. We have consequently disallowed that claim.

General HOWARD. The committee must bear in mind that the practice of giving a deposit slip was not uniform in the bank. I did not always get a deposit slip. They themselves may make it, but I have not all the deposit checks; did not receive them in every case. I have that hundred dollars on my pass-book.

Mr. FITZPATRICK. (Resuming.) General Howard claimed also a draft of $260.50 of March 12, 1872. This was a draft drawn and charged against him on the ledger, journal, and scratch book. The general denied that in his examination of the account with the accountants, and did not think that he ever drew it, but since then the draft itself has been found, and he of course admits it.

Another claim made by the general is of a draft for $750, paid on the 17th of October, 1871. This draft is properly charged on the scratch-book or blotter and on the journal and the ledger. It is entered also on the pass-book. These charges and entries show that the draft was drawn n that day, and I am quite sure that it is correct. General Howard hinks that it is an erroneous charge for a draft of $75, paid October 18, 1871, the day after. But this draft of $75 also appears on the day after.

The CHAIRMAN. On what day?

Mr. FITZPATRICK. On the 18th of October, 1871.

Mr. GARLAND. On the day after the draft for $750, that the general claims was entered by error, should have been $75 instead of $750?

Mr. FITZPATRICK. Yes, sir.

General HOWARD. It is the same day as entered on the pass-book, and not the day after.

Mr. GARLAND. You explained that in your testimony, general, did you not?

General HOWARD. I said in my testimony that it was on the same day. The accountant gives it as a different day, on the next day.

Mr. GARLAND. What is your explanation of the difference in the dates of the transactions?

General HOWARD. The transactions I claim were all on the same day, the 17th of October—that is, both the draft for $750 and for $75, and for the $750 I had no draft. I am quite confident that that latter draft is a mistake in the entry. It is on the pass-book, you say? (Addressing Mr. Fitzpatrick.)

Mr. FITZPATRICK. Yes, sir.

General HOWARD. Well, my theory about it is this: That it is a mistake; that it was entered $750 instead of $75 from the check, and that looking back afterwards (for you see the date is the same), they found the $75 had never been entered, though they had entered the $750.

Mr. GARLAND. And did not change the other, according to your theory of it?

General HOWARD. Yes, sir; did not change the other. They first entered the $750, and the $75 was entered afterwards, though they are both drawn on the same day. That is my theory about it; and from the many errors in the account, it is a very reasonable explanation, to my mind, in the case of this draft.

Mr. FITZPATRICK. The date on which these drafts were paid, general, do not indicate that they were drawn on that day; sometimes they were not paid for two or three days or weeks after they were drawn; they are entered on the books the day they are paid, although they might have been drawn a month before.

General HOWARD. I am only trying to account for the fact that the error was made, and how it was made. I do not see why it should have been made, unless it was intentional.

Mr. FITZPATRICK. We have found the seven-hundred-and-fifty-dollar draft properly charged on the ledger, on the journal, and on the scratch-book, and we have charged it, therefore, against the account, since we could not go behind the record in the absence of evidence to show that the record is erroneous. I think that the charge is a proper one. The general has no draft for it; still there are a good many other drafts that he did not dispute that are missing, and the fact that a draft was missing would not show that that draft was not drawn. Deducting, therefore, the amount of additional credit that we allow the general's account from the amount of the overdraft as reported, $2,415.78, we find that the account is still overdrawn $1,467.45.

General HOWARD. Have you allowed the credit of the $400.

Mr. FITZPATRICK. Yes, sir.

General HOWARD. I will say to the committee that in any final settlement of the account with the bank, I am very anxious indeed that it should be exactly and absolutely correct. It is no fault of mine, as I did not keep the books, that errors and discrepancies appear; and it is my desire that the account should be absolutely correct, and so far as I can I will try and make it so. If your bill should pass, I can settle easily with whoever shall be in charge. The present commissioners have not at this time any discretion in the matter; they cannot make a settlement.

The CHAIRMAN. Of course, general, you did not make up your own account; the bank officers did that.

General HOWARD. I had nothing to do with it, except that when I

got my book I took off the balance on a separate sheet of paper, and I always thought that that balance was mine. The expert will admit, however, that I myself have discovered errors that were not discovered before, and that could not have been brought out but by the evidence in my possession. For example, that error of the four-hundred-dollar deposit for which the books failed to give me credit.

Mr. FITZPATRICK. The general has the deposit slip in that case, which puts *that* matter beyond doubt.

GENERAL HOWARD'S DISTINCT STATEMENT AS TO OVERDRAFTS IN HIS ACCOUNT.

General HOWARD. I would like right here, Mr. Chairman and gentlemen, to make one distinct and positive statement, and it is this: That in no case, in my dealings with the bank, did I ever willingly or knowingly make an overdraft. I never did—that is, unless at the same time I made a deposit of United States securities to cover it; and for two or three days it is possible that in that way I have made an apparent overdraft. Then of course the securities were returned to me as soon as the deposit was made. Never, in any other way, did I ever make an overdraft to my knowledge. I would in every case ask, "What is to my credit?" and on being informed would make my draft.

AS TO JOHN H. COOK, ATTORNEY AT LAW.

Mr. ROBERT PURVIS:

With your permission, Mr. Chairman, I should like to put a question to General Howard, an answer to which will have some bearing upon a matter that has been before the committee.

The CHAIRMAN. Certainly.

Mr. PURVIS. You have intimated, general, that the late John H. Cook was your agent; would you be kind enough to give to the committee your estimate of him as a man and a scholar, and your opinion as to his general competency for business as a lawyer?

General HOWARD. I never in my life found a superior man in keeping accounts. He always managed my business well and to my thorough satisfaction. I trusted him fully, and was never deceived by him. He was a thoroughly worthy man, and he was a very fine scholar, a graduate of Oberlin.

Mr. LEIPOLD. I desire, in a word, to say that during the past week the bank has succeeded in winning a case in the Supreme Court of the United States, in which Mr. John H. Cook was consulted. It involved the payment of a large judgment, and Mr. John H. Cook advised the Freedman's Bank——

General HOWARD. (Interrupting.) Was the judgment against me?

Mr. LEIPOLD. O, no, sir; this matter has nothing at all to do with your present examination.

General HOWARD. I beg pardon.

Mr. LEIPOLD. (Resuming.) Mr. John H. Cook advised the Freedman's Savings and Trust Company—the commissioners—that there was no getting out of paying that judgment, involving, as it did, some five or six thousand dollars. I was not willing to pay it, however, without consulting further counsel. I thereupon sent Mr. Stickney to Colonel

Totten, and Colonel Totten advised the non-payment of the judgment. A suit was brought by the owner of the judgment, and the case was won by the commissioners, and it has now been affirmed by the Supreme Court of the United States. I merely refer to this now, since the matter has again been brought before the committee, and it is in confirmation of former statements that I have made. I do not wish to reflect upon Mr. Cook's character as a man and scholar, but simply to show what I have before stated, that by reason of inexperience he was not as competent an attorney as some other gentlemen; that is all.

WASHINGTON, D. C., *March* 6, 1880.

TESTIMONY OF CAPT. J. A. SLADEN.

Capt. JOSEPH A. SLADEN, senior aid to Major General Howard, sworn and examined.

By the CHAIRMAN:

Question. Have you had anything to do with the keeping of General Howard's accounts?—Answer. I had the keeping of General Howard's accounts during the whole time that he was a depositor in the Freedman's Bank. These accounts were not always perfectly accurate, for frequent transactions were had during my absences on military duty away from the general, and on my return were frequently made from scraps and memoranda in the general's possession and from his memory.

Q. Did you know that his deposit account in the Freedman's Bank was overdrawn?—A. I did not.

Q. Did not his deposit book show it to be overdrawn?—A. It did not; but, on the contrary, the last book shows the account to be balanced and closed.

Q. Since your arrival at Washington, at this time, have you examined General Howard's accounts on the books of the Freedman's Bank, here?—A. Yes, sir.

Q. Will you please give the committee a full statement from the examination you made, and state what result you have reached?—A. I have examined the accounts of General Howard in the books of the Freedman's Bank since my arrival here. The errors therein are numerous, and the pass-books in the hands of General Howard are not true transcripts of the accounts as set forth in the books of the bank. The claims set forth in the accompanying statement of credits claimed by General Howard, which I submit as a part of my testimony, were ascertained by my examination, and I present that statement as an answer to this question.

STATEMENT OF CREDITS CLAIMED BY GENERAL HOWARD.

General Howard claims credits on his account as follows:

For January 7, 1867.—Draft for	$102 50
This draft is found upon the ledger, but no corresponding entry is in the journal.	
July 27, 1871.—Deposit, for which no credit has been given.	400 00
For this deposit I hold the actual receipt of the bank.	
June 3, 1872.—Deposit, for which no credit is given	458 33

For this deposit I hold the actual receipt of the bank.	
September 26, 1870.—Deposit of $90, entered as a draft, making in the account a difference of	$180 00
February 4, 1870.—A draft of $40, entered as $60, making a difference of	20 00
September 26, 1870.—Deposit of $90, not credited	90 00
For which I hold the actual receipt of the bank.	
October 17, 1871.—Draft erroneously entered	750 00
On this day, according to the pass-book, several drafts were paid. Among them, one for $75. All the drafts are found except one for $750, of which I have no evidence whatever. I believe the $75 was entered as $750, and again entered as for the proper amount, namely, $75.	
November 16, 1872.—Deposit in pass-book, or deposit book. Stricken out by expert of committee.	100 00
March 12, 1872.—An erased draft in ledger restored by expert. No draft found.	260 50
January 3, 1871.—Draft of $31.61 entered as $3,161, making a difference against me of	3,129 39
Total	5,489 89
This total is reduced by draft of January 7, 1867, being erroneous as to date simply; it should read January 7, 1868.	102 50
And, by draft of March 12, 1872, erased in ledger and restored by expert. A draft has since been found	260 50
Deducting this	363 00
From	5,489 89
Leaves a credit which I claim of	5,126 89
Of this amount the expert allows me on his balance-sheet,	
September 26, 1870.—Error by bank given above	180 00
February 4, 1870.—Increase of amount of draft given above.	20 00
January 3, 1871.—Increase of amount of draft given above.	3,129 39
Total credits by expert	3,329 39
Leaving a credit still due me of	1,797 50

O. O. HOWARD.

By the CHAIRMAN:

Q. Have you had full access, Captain Sladen, to the books and account, and has every facility been extended to you for the making of a thorough examination?—A. The officers at the bank, and the committee's expert, Mr. Fitzpatrick, have afforded me every facility for the examination made by me. The examination is not yet concluded, and I believe that other errors favorable to General Howard's account will yet be found.

FINAL STATEMENT BY COMMITTEE'S EXPERT.

Mr. FITZPATRICK:

I will add with your permission, Mr. Chairman, that the amount of $1,797.50 for which General Howard claims credit should be deducted

from the overdraft reported by us, namely, $2,415.78. This would leave his account still overdrawn $618.28. The deposit slips which he has in his possession clearly entitle him to a credit of $948.33, which reduces his overdraft to $1,467.45. As to the other credits which are claimed, I would say that the draft of $750 appears to be a correct charge. It appears properly entered on the scratch-book, journal, and ledger of October 17, 1871, and we have therefore treated it, in our examination, as so much money drawn. There are other drafts, besides this, which are missing, so that the fact of its not being found is no evidence that it was not drawn. As to the deposit of $100, which is claimed, I have already explained why it was stricken out of the account.

All the other credits noted will be found incorporated in our report on this account before submitted, and do not affect the overdraft at all.

Adjourned.

REPORT OF ACCOUNTANTS.

REPORT ON LOANS.

WASHINGTON, D. C., *December* 2, 1879.

Hon. B. K. BRUCE,
Chairman Select Committee on Freedman's Savings and Trust Company:

DEAR SIR: In compliance with your instructions, we have made an examination of the loans made by the Washington office of the Freedman's Savings and Trust Company, and respectfully submit the following report of the result of such examination:

Section 5 of the act approved March 3, 1865, entitled "An act to incorporate the Freedman's Savings and Trust Company," reads as follows:

"That the general business and object of the corporation hereby created shall be to receive on deposit such sums of money as may, from time to time, be offered therefor, by or on behalf of persons heretofore held in slavery in the United States, or their descendants, *and investing the same in the stocks, bonds, Treasury notes, or other securities of the United States.*"

Section 12 of the same act forbids any officer, trustee, or servant of the company from borrowing, directly or indirectly, any funds of the corporation or its depositors, or in any manner use the same or any part thereof, &c.

By an act of Congress approved on the 6th of May, 1870, section 5 of the foregoing act was amended so as to allow loans on real estate security *in double the value of the loan.*

In the course of our examination we find that all of the above-quoted sections were often disregarded by the officers of the company. A large number of the loans made by the bank contrary to the provisions of the charter have been paid, but the books show that many of them were not paid at maturity, but ran considerably over time, causing expense to the bank in collecting; others were not paid at all previous to the failure of the bank, but collected by the commissioners of the company after they assumed control of the affairs, while many more remain unpaid at this date.

We have prepared a schedule of loans, and submit it as a part of this report, showing amount of unpaid loans at this time, giving the original amount of loan in each case thereon stated; costs and accrued interest previous to failure of bank; paid on loans previous to failure; ledger balances transferred to commissioners (being amount due at time of failure); interest charged up against loan by commissioners; costs and expenses incurred by commissioners on account of loan; taxes paid by the commissioners on property securing loan; amount paid to commissioners and the balance now due, with a column of remarks showing the present status of each case. This schedule gives a correct statement of the unpaid loan accounts, which we find on the books of the bank as of September 17, 1879.

It is impossible for us to state in this report the total amount of *all* the loans made by the bank, and the reason for not doing so is owing to the entering of credits so that it cannot be determined, without a long and tedious examination, what constitutes a cash payment, what a transfer of loan, or what an extension. We find, for instance, some loans credited on date of maturity with the balance due, without any explanatory reference or remark, which credit would at first appear to be a cash payment; but, upon further search, we find it either a transfer or an extension of the loan, and in order to arrive at the aggregate amount of all loans, it would have consumed more time than we considered it advisable to spare, if we were to give the committee a statement upon the other matters connected with the loan account in the time specified by you in your instructions to us.

The charter and by-laws of the company required that all applications for loans should be approved by the finance committee and board of trustees. We find that loans were often made by the actuary before reporting the application and obtaining such approval, and in some cases he made loans, which, so far as we can ascertain from the records, were neither reported nor approved. The actuary, Mr. D. L. Eaton, and the assistant actuary, Mr. George W. Stickney, appear in several cases as the indorsers of notes upon which loans were obtained by outside parties. The finance committee refused, in some instances, to approve applications for loans on insufficient or bad security, and then, on the other hand, we find their approval of loans on security equally as bad as that rejected in other cases.

We call the attention of the committee to the following loans, in all of which the bank has suffered heavy loss, and we state the facts relating thereto as we find them on the books and records:

On the 18th of May, 1870, the Maryland Mining and Manufacturing Company, commonly known as the Seneca Sandstone Company, obtained a loan of $4,000, for which

they gave as security $10,000 of second-mortgage bonds of the said mining and manufacturing company, which loan we find properly charged and carried through the books. On the 27th of July, 1871, this same mining and manufacturing company obtained another loan of $27,000, the collaterals for which consisted of $49,000 of second-mortgage bonds of the mining company, and this loan is also properly charged and carried through the books, making a total loan to the Maryland Mining and Manufacturing Company of $31,000, for which the bank held as security $59,000 of second-mortgage bonds of the mining company.

On the 25th of July, 1870, the Freedman's Savings and Trust Company *purchased* of the Maryland Mining and Manufacturing Company $20,000 of *first*-mortgage bonds of said mining company, for which the savings company paid $18,000, being at 90 cents on the dollar, with, as appears from the minutes of the finance committee, under date of August 8, 1870, an understanding that the Seneca Company, so called, would redeem the bonds within two years at par.

Under date of January 2, 1872, the two loans made to the so-called Seneca Sandstone Company are entered upon the books as paid. We find that they were not paid in cash, however, but by a transfer of the loan from the so-called Seneca Sandstone Company to Messrs. Kilbourn & Evans, with whom an account is opened on that date, charging them with a loan of $50,000.

In connection with this we find that Messrs. Kilbourn & Evans entered into an agreement with the then actuary of the bank, Mr. D. L. Eaton, and three members of the finance committee, viz, Messrs. L. Clephane, William S. Huntington, and L. R. Tuttle, which agreement is dated December 30, 1871, and reads as follows:

"The Freedmans' Savings and Trust Company has this day made a loan to John O. Evans and Hallett Kilbourn of $50,000 upon the following-described securities as collateral to their note: $2,400 stock American Dredging Company, Philadelphia; $2,000 Metropolitan Insurance Company stock, Washington, D. C.; $75,000 Maryland Freestone Manufacturing and Mining Company 6 per cent. gold bonds, Montgomery County, Maryland; $7,500 Metropolitan Paving Company stock, Washington, D. C.; $50,000 Washington Market House stock, Washington, D. C. Said note is payable six months after date, with 10 per cent. interest; and in case said Evans and Kilbourn's note shall not be paid as it becomes due, then it is fully agreed that the Freedman's Savings and Trust Company shall keep the $75,000 bonds of the Maryland Freestone Manufacturing and Mining Company as full payment of said note and interest, and surrender to said Evans and Kilbourn the other securities above enumerated (save and except the $75,000 bonds of the Maryland Freestone Manufacturing and Mining Company), together with their note.

"D. L. EATON, *Actuary.*

"Approved—
"L. CLEPHANE,
"WM. S. HUNTINGTON,
"L. R. TUTTLE,
"*Finance Committee.*"

In accordance with this agreement, Evans and Kilbourn's note, and all the securities, excepting the $75,000 bonds of the Maryland Freestone Manufacturing and Mining Company, were returned to them on the 15th of November, 1873, and on the 12th of February, 1874, *nearly three months* after the notes and securities were returned to Evans and Kilbourn, their account is closed by a credit of $50,000; and on same date a new account is opened in the name of the Maryland Mining and Manufacturing Company, who are charged with a loan of $50,000, and $7,500 accrued interest, for which loan the $75,000 bonds above referred to were held as collateral.

In a letter on this subject, written by Messrs. Kilbourn and Evans to Mr. J. M. Langston, chairman of a special committee appointed by the board of trustees to investigate this matter, they deny having received any money from the bank in this transaction, and stating their object in giving their note to be a desire on their part to accommodate the actuary, Mr. Eaton, by having the loan appear in their name, instead of in the name of the Maryland Mining and Manufacturing Company.

The above transactions between the bank and Messrs. Kilbourn and Evans occured previous to an examination of the affairs of the bank by the national bank examiner, and after his investigation the account against Kilbourn and Evans was closed, and the amount involved again charged to the Maryland Freestone Manufacturing and Mining Company.

Under date of January 9, 1872, we find a receipt signed by Mr. John L. Kidwell, then president of the Mining and Manufacturing Company, which reads as follows:

"Rec'd of D. L. Eaton, actuary, seventy-five thousand convertable bonds of the Maryland Mining & Manufacturing Company, which were held as security for two certain notes of said co., one for $27,000, dated May 18, 1870, and one for $4,000, date June 7, 1870.

"JNO. L. KIDWELL, *Pres.*"

It will be observed that this receipt is dated seven days after the date upon which the loan to Kilbourn and Evans is reported as having been made. Among the collaterals for which loan these bonds are mentioned, and notwithstanding this receipt, which appears as evidence of the bonds having passed into the possession of the mining company, they were in the possession of the bank at the time of its failure, and are now under the control of the commissioners of the Freedman's Savings and Trust Company.

Under date of November 6, 1873, we find a letter addressed to Mr. J. M. Langston, written by Mr. George W. Stickney, then actuary, who, in giving a statement as to the transactions had by the Freedman's Savings and Trust Company with the Maryland Mining and Manufacturing Company and with Messrs. Kilbourn and Evans, says "That the Mining and Manufacturing Company was, on the 2d of January, 1872, indebted to the Freedman's Savings and Trust Company as follows:

1st. Loan May 18, 1870	$4,000 00
2d. *Loan July* 25, 1870, *being amount paid for* 20 *first-mortgage bonds*	18,000 00
3d. Loan July 17, 1871	27,000 00
4th. Interest due on above loan December 1, '71	2,785 73
Total due Freedman's Savings and Trust Company	51,785 73"

And then he adds:

"At this date, according to the books of this compa. y [the Freedman's Savings and Trust Company], a transaction covering this whole matter was had with Messrs. Kilbourn and Evans, whereby their note was given for $50,000, payable six months after, and secured as follows—[here follows description of securities, the same as contained in the agreement before mentioned] and payment by the Maryland Mining and Manufacturing Company of $1,785.73 on accrued interest. This payment was made by check on First National Bank, signed by C. W. Hayden, treasurer."

It will be seen from the above that Mr. Stickney includes among the *loans* the $18,000 paid by the bank in the *purchase* of the $20,000 first-mortgage bonds. On what is called the "bond-book," under date of January 9, 1872, we find the following, in the handwriting of Mr. Eaton, the actuary:

"NOTE.—Mr. John L. Kidwell on the 9th of Jan'y repurchased these bonds [referring to the 20,000 first-mortgage], paying for them in cash 90=$18,000, with interest on that amount at ten per cent. from July 26, 1870, date of purchase by this co., less the amount of coupons which had matured while the company held them.

"Bonds, $18,000; int. 10 %, 2,580=$20,580, less gold coupons."

Showing that the Maryland Mining and Manufacturing Company did repurchase the bonds as agreed, paying therefor $18,000, the amount paid for them by the bank, and $2,580 interest.

This sum of $20,580 cannot be found carried to the credit of the bank on any of the bank books. It was entered on the actuary's "scratch" or blotter, under date of January 9, 1872, but has been erased, and the only entry of it that we can find is on this bond-book. There is nothing, so far as we can find, to show that the bank ever received credit for the amount.

Deducting the $18,000 from the loans as reported by Mr. Stickney, which should be done, inasmuch as this was a purchase and therefore bank property, it leaves the indebtedness of the so-called Seneca Sandstone Company $31,000, exclusive of interest. Yet for this amount Kilbourn and Evans put in their note for $50,000, and when the account with them is closed and new account opened with the so-called Seneca Sandstone Company, $50,000 is the amount with which the Sandstone Company is charged as principal and $7,500 accrued interest, with $75,000 of second mortgage bonds held by the bank as collateral.

The only bonds given as collateral for the two loans of $4,000 and $27,000, respectively, were $10,000 and $49,000 of second mortgage, a total of $59,000. The $20,000 *first* mortgage bonds were disposed of as the note on the bond-book shows, but how the balance ($16,000) of second mortgage bonds came into the possession of the bank we are unable to discover.

Under date of March 26, 1874, a little over one month from the time of the so-called Seneca Sandstone Company transactions, there appears a loan in the name of J. C. Kennedy of $12,000 with $20,000 second mortgage bonds of the so-called Seneca Sandstone Company as collateral. This loan remains unpaid and the amount now due, and its present condition will appear on the schedule.

Under date of October 2, 1871, we find a loan in the name of Hallett Kilbourn of $10,000 (No. 676 available fund.) The collateral for this was a note of Kilbourn, Evans, and Clephane, $20,000 at 90 days, indorsed by Wm. S. Huntington, and $24,000 Metropolis Paving stock; this loan is entered paid under date of January 3, 1872. On the 24th of October, 1871, another loan appears in the name of Hallett Kilbourn of $10,000, and the loan register states that the collateral for the first loan is also security for the second; but this statement has been erased and the following substituted:

"Note of H. Kilbourn, favor of L. Clephane, date January 3, 1872, [the same day the first loan is marked paid], 90 days for $10,000." This loan appears to have been paid July 26, 1873. Mr. W. S. Huntington, the indorser of the first note, was at the time a member of the finance committee, so also was Mr. L. Clephane.

Loan No. 1401 available fund is also a loan to H. Kilbourn of $3,000, made March 1, 1873, the collateral for which was Mr. Kilbourn's own note as "President." We can find no record of its approval by the finance committee, and the amount is still unpaid, and the question of settlement is now in court on suit brought by commissioners against Kilbourn; it has been referred to special referee and stands upon such reference awaiting further action.

Loan No. 394 available fund, Joseph B. Stewart, for $3,250, April 20, 1871. The collateral for this loan consisted of $5,000 in bonds of the Union Pacific Railroad Company.

The bonds, however, were not left in the custody of the bank, but were held by C. W. Havenner & Co., who are also indebted to the bank in a large amount. Havenner & Co., in a letter dated March 16, 1871, state that the bonds were in their possession and that they would protect note of Stewart at maturity. On this the sum of $3,250 was loaned to Stewart. Havenner & Co. did not protect note at maturity, and the amount, with interest, is still unpaid.

Loan No. 1283, R. M. Hall, April 6, 1873, $8,658, collateral, notes of Industrial Home Association, and note of O. O. Howard. This loan was not approved by finance committee, and a considerable amount is still due and unpaid.

Loan No. 994, A. F. to Davis and Balloch, $2,000, April 5, 1872. The collateral originally given for this loan consisted of $2,000 United States 5.20 bonds. On the 18th of December, 1872, Davis and Balloch withdrew the United States bonds and substituted therefor 18 shares of Fitchburgh Railroad stock. A balance remains due and unpaid on this account of $492.28. The commissioners have a judgment against Davis and Balloch for $523.14.

Under date of April 18, 1871, appears loan No. 314 to O. O. Howard and H. D. Cooke for $33,000. Security, lots 3 and 4, square 407, upon which stands the Young Men's Christian Association building. Under date of November 18, 1871, appears a payment of $700, which has been erased, and a memorandum appears on register "returned January 2, 1872." The daily scratch and journal, under date of November 18, 1871, credit the loan with this amount. We find a receipt signed by A. S. Pratt, agent, for the $700, but why the amount is marked returned the books or receipt of Pratt do not show. At the time the loan was made General O. O. Howard was vice-president, and Mr. H. D. Cooke treasurer of the Young Men's Christian Association, and Mr. Cooke was also a member of the finance committee of the bank. On the 13th of November, 1876, this loan was settled with the commissioners, in the name of Howard and Cooke, by the payment in cash by the Young Men's Christian Association of $33,831.74 and eight notes of the Young Men's Christian Association of $500 each=$4,000, and an account opened in their name. These notes were all paid and the account finally closed February 27, 1878.

Loan No. 958, Evan Lyons, $34,000. It appears, from an examination of the minutes of the finance committee, that Mr. Lyons first applied for a loan of $18,000 April 9, 1872 (the collateral offered being same as that noted on schedule for his loan of $34,000), which application was rejected. On the 23d of April, same year, he again applied for a loan of same amount, which was also rejected. On the 8th of May following he again made application, which was "*rejected absolutely.*" On the 4th of June, same year, he made another effort, this time applying for $15,000, which was also rejected. Yet, on the 18th of June, we find that the finance committee approved a loan to him of $11,000, which was subsequently paid. On the 17th of July, 1872, Mr. Lyons made another application for a loan of $40,000, and on the 23d of July the finance committee approved the application to the extent of $34,000. This last loan was never paid, and after the failure of the bank and the commissioners took charge of the affairs they advertised and sold the property given as security and bought it in for the bank at $40,000.

The total amount due the bank on account of this loan, including interest, costs, and expenses, at the time of sale, was $46,310.77, and the balance remaining due thereon after sale and crediting the account with the $40,000, viz, $6,310.77 is charged to profit and loss.

Loan No. 180, L. Deane, December 30, 1870, for $1,750. On the loan register, we find that Mr. George W. Stickney, then assistant actuary, assumed one-half of this loan, and a memorandum appears thereon, viz, "Belonging to George W. Stickney, and payments are to be indorsed on this loan in his name."

Loan No. 908, S. Taylor Suit, $25,000. The collateral for this loan consisted of 450 acres of land in Prince George County, Maryland. The officers of the bank at the time this loan was made, neglected to have insurance policies transferred to the bank as was done in nearly every instance where a loan was made; subsequently, nearly all the improvements on this land were destroyed by fire. After the bank failed, and the

affairs were turned over to the commissioners, and the loan being then unpaid, the property was sold under the deed of trust held by the bank and bought in by the commissioners for $8,300, leaving a balance due, including accrued interest, costs, and expenses of $25,252.20, as per report of the auditor of the court; included in which amount was an item of $498, allowed for extra fees to the trustee, which was abandoned by him, and reducing balance due from Suit to $24,754.20, for which amount the commissioners have judgment.

Loans to Juan Boyle, and Juan Boyle & Co. Of the unpaid loans Nos. 689, 690, 1383, and 1546, we can find no record of their approval by the finance committee. The large loan, No. 1383, for $29,000, appears to have been made June 30, 1874 (the trustees had by vote closed the bank on the 29th of June), and on same day, that is June 30, there appears a credit on the loan of $1,000. No. 1586 for $4,366.66, also appears under date of June 30, 1874, with no collateral. The note of $10,000 referred to among the collaterals for the $29,000 loan, was an individual note of Juan Boyle, drawn to the order of the president and directors of Georgetown College and indorsed by them. The note is dated September 5, 1873, for four months, falling due on the 5th of January, 1874. The note was not paid, and it bears no evidence of having been protested for non-payment. It was five months overdue when the actuary accepted it as part security for this loan, it being represented as secured by first deed of trust, but it was afterwards ascertained that the note was not so secured, there being a prior lien upon the property, and under this prior lien the property was sold and the note turns out to be worthless. It is now in the possession of the commissioners. The other collaterals for the loan consisted of $8,000 in bonds of the Selma, Marion, and Memphis Railroad Company. It will be seen, therefore, that had the securities been good they only aggregated $18,000 for a loan of $29,000.

Loan No. 1264, A. C. Bradley, $17,000, is explained as follows: On the 24th of June, 1870, L. & F. McGhan obtained a loan from the bank of $10,000, for which they gave as collateral, deed of trust on lot 4, square 377, and their note payable in one year. The note was not paid at maturity, and the property was sold under the deed of trust and bought in by the actuary, Mr. D. L. Eaton, for the bank. On the 16th of June, 1873, the property was sold by the bank to A. C. Bradley for $18,000, $1,500 cash, and his notes (five) running for five years for the balance, viz, $17,000. The first note of Mr. Bradley was paid, but none of the others, leaving balance now due, including interest and costs, $15,333.20.

Loan No. 906, E. S. Fowler. This loan was made February 7, 1872, in the name of John H. Cook, for $13,000, upon which payments were made at various times until the 9th of July, 1872. At that date E. S. Fowler assumed the balance then due, and the account against Cook was credited with the balance and closed. The amount remaining unpaid on the 9th of July, 1872, was $12,394.15, and an account is opened on that day with E. S. Fowler, charging him with $12,369.15, being $25 less than correct amount. Mr. Cook, at the time the loan was made to him, was, we are informed, attorney for General O. O. Howard, and from correspondence on file in commissioner's office we find, although the loan appears in the names of Cook and Fowler, General Howard is regarded as responsible for it.

In regard to the Vanderburgh loans, the schedule shows the amount remaining unpaid, with the securities therefor. Vandenburgh obtained large sums from the bank, and often, as appears from register, without collateral. It appears as if he got money to any amount he desired at any and all times.

Under date of January 24, 1870, appears a loan to R. P. Dodge of $13,786.50. The collateral for this loan consisted of three real estate notes for $7,000, $4,000, and $2,000, respectively, drawn by Dodge to the order of Benjamin Darby, all dated January 19, 1869, and payable twelve months after date, thus falling due on the 19th of January, 1870, four days prior to the loan by the Freedman's Bank. These notes were taken by the bank at their face value and one year's accrued interest, a total of $13,786.50. The notes, upon examination, bear no evidence of having been protested for non-payment at other banks through which they had passed before reaching the Freedman's Bank. The notes are still in the hands of the commissioners, and we find the following in connection therewith: The note of $4,000 is indorsed, "without recourse, Benj. Darby," "D. F. Robinson," and bears the following banking brief: "754. R. P. Dodge, 4,000, 242. 19–22 Jan'y, '70." The note of $7,000 is indorsed, "Benj. Darby, N. Y., W. B. Todd," and bears bank indorsements, "3441. Robt. P. Dodge, 7,000, 423.50. 19 Jan'y, 1870," and is stamped "National Metropolitan Bank, D. C., Jan'y 24, 1870." The note for $2,000 is indorsed, "Benj. Darby, R. S. T. Cissel, R. S. T. Cissel, Treas.;" stamped, "For deposit in Chatham Nat'l Bank to the [illegible] of Simon [illegible], N. Y." "Pay W. S. Huntington or order for collection for Chatham Nat'l Bank of New York, O. H. Schriener, Cash.," indorsed "W. S. Huntington, Cash.," and also bears an erased indorsement, "Pay W. Laird, Jr., Ass't C., or order, for account First National Bank of Washington, D. C. H. C. Swain, A. Cash."

It will be noticed that the amount of this loan embraces the face value of the notes and twelve months' interest to January 19, 1870, and the attention of the committee

is called to the fact that these notes bear evidence of having passed into the hands of other banking institutions, and to the fact that the loan for which they were given as collateral was made four days after the notes matured. In connection with this we also find a check drawn by D. L. Eaton, actuary Freedman's Savings and Trust Company, in favor of ——— [blank], date January 24, 1870, and payable out of the funds of Freedman's Savings Company at the First National Bank (of which Huntington was cashier) for $13,786.50, which is the exact amount charged against Dodge. This loan appears to have been made January 24, 1870, but it was not approved by finance committee until February 10, 1870.

February 15, 1873, a loan was made to J. E. Dexter of $500; the collateral for which was his note payable in thirty days, with George W. Balloch, a trustee, as indorser. The note was not paid at maturity and judgment was obtained against Dexter. To January 19, 1876, $200 had been credited on this note; at that date Balloch was called upon by the commissioners to settle the balance, when he again indorses the note, holding himself responsible for its payment, and depositing with the commissioners a $1,000 bond of the Chesapeake and Ohio Coal and Lumber Company, as collateral. The note is being paid by installments, which began April 13, 1877, with $2.25 and runs through to payment of November 21, 1879, of 25 cents; there are one hundred and eleven credits on the note, ranging from 25 cents to $15.

We also find several loans, the security for which was released by Mr. Stickney, actuary of the bank. On the ledger account of W. M. Pumphrey, we find the following: "Note missing and fraudulently released by G. W. S." Upon inquiry, we learn that this memoranda was made by the commissioners. Mr. Stickney was trustee in this case and released the property. The amount due on this loan is credited thereon and the account closed, and an account opened in the books of the commissioners with Stickney, in which he has been charged with the amount due on Pumphrey's loan, viz, $705.33. Mr. Stickney is also charged on commissioners' books with balances due on loans as follows: Margaret Hetzel with a balance of $757.50; Francis Wright, $174.94; George H. Simonds, and others. By the provisions of the deeds of trust given as security for loans made by the bank Mr. Stickney is appointed trustee, for which service he is entitled to commissions, which commissions are by the commissioners applied towards the liquidation of his indebtedness. These transactions figure in the books of the commissioners which we have not yet had an opportunity to examine. When an examination is made there, these matters will be more fully explained.

We find on Ledger B, page 7, the following loans made from the available fund (*i. e.* they are charged in that fund), with a memorandum applying to each case, viz: "No note taken for this; taken from cash." C. M. Alexander, $50; J. T. Pike, $101.85; E. C. Sammis, $10; Rudolph Lobsiger, $95. These amounts are still unpaid.

We also call your attention to a loan to Rudolph Lobsiger (page 350, Ledger A), the balance due on which is $1,550. On the ledger account we find memorandum reading as follows: "Mr. Stickney says this loan was paid before the bank failed," and in view of this statement we have not included this loan among those on the schedule. We can find no record of its payment, however, anywhere on the books. We desire also to call your attention to Lobsiger's loan, No. 1337, for $2,300, January 7, 1874. On the same day the loan was made a credit appears thereon of $1,000, and a memorandum on loan register reads: "Security held by G. W. S." No other reference to security as to the kind or amount can be found. The balance remaining unpaid is $1,437.

We find that the bank did considerable discount business, prominent in which, and composing the larger part, is pay vouchers of government and District of Columbia clerks and employés. The rate of discount varied, but generally it was at 2 per cent. and 3 per cent. per month. A large portion of these pay vouchers remained unpaid at the time of the failure of the bank, but they have, with a few exceptions, been since collected by the commissioners; most of the exceptions being in cases where the parties have either died or been removed from office.

Under date of May 6, 1874, we find ten entries of amounts aggregating $618.89. This sum was composed of pay vouchers of certain government clerks, which had been discounted by the bank, and which, upon maturity, were found to be worthless, and, although appearing charged to profit and loss we fail to discover such charge on the proper account. Upon examination of "scratch" or blotter entries under that date, we find these pay vouchers entered as paid, and on same date we find two charges, one against H. M. B. Upson, of $295, and the other against Laura Barnard, of $322. The aggregate of these two amounts being almost exactly the same as the pay vouchers, we called upon the commissioners for the notes, and the following facts in connection therewith were obtained:

On this date the bank held two notes of H. M. B. Upson and Laura Barnard, the face value of them being $1,695 and $1,722, respectively, which the bank had discounted, and accepting same at $1,400 each; when the discrepancy in the pay vouchers occurred the discount on these notes, viz, $295 and $322, respectively, aggregating $617, was charged up against Upson and Barnard, thus making it appear by the books

that the bank had advanced the full face value of the notes, which is not so, the charges against Upson and Barnard being made to offset loss in pay vouchers, which, as before stated, are entered on ledger, charged to profit and loss, and on scratch book or blotter, as paid.

We find loans made to officers of the company, in violation of section 12 of the charter, as follows: W. P. Drew, trustee, on indorsement of O. O. Howard, $500, September 30, 1870, paid February 10, 1871; D. L. Eaton, actuary, $225, July 25, 1872, paid October 26, 1872, no collateral; Wm. S. Huntington, member of finance committee, no collateral, $5,000, May 15, 1871, paid June 9, 1871; Wm. S. Huntington indorsed note of C. F. Peck and W. E. Chandler, upon which they obtained loan of $11,000, May 15, 1871, paid August 16, 1871; Huntington also indorsed notes of H. Kilbourn, before mentioned; Geo. W. Balloch, treasurer, a trustee, obtained loans at various times amounting to over $56,000 in the aggregate, besides indorsing notes upon which loans were obtained by outside parties; D. L. Eaton, actuary, Geo. W. Stickney, assistant actuary and actuary, Z. Richards, trustee, W. P. Drew, trustee, have also indorsed notes upon which loans have been obtained.

The following amounts we find charged to profit and loss, by the commissioners, the amounts being balances due on loans, which are considered worthless: James Cooper, $1,045.58; B. M. Barker, $392.84; J. T. Holly, $221.05; A. H. Parry, $418; I. N. Trooke, $2,077.89; R. L. Berry, $196.22; James Dent, $380.65; John Jackson, $89.14; I. B. Keith, $311.45; J. W. Van Hook, $10; Samuel Strong, $5; Daniel Sheahan, $161.97; Nelson Berry, $37.33; Elizabeth Mead, $814.68; Mary Nolan, $130.25; A. E. French, $12.50; Robert Gilmore, $99.26; B. F. Gilbert, $330.50; G. S. Reed, $22; Evan Lyons, $6,310.77; James Webster *et al*, $0.25; Ralph H. Darby, $119.88; B. F. Eaglin, $150; N. W. Evans, $36.14; Annetta Jordan, $2,518.01; W. A. Ballard, $261.86; C. H. Holden, $29; Geo. W. Nason, $1,016.06; Thomas Ewing, jr., $6.91; R. S. Eagleston, $320.88; Samuel Strong, $16.21; Geo. H. Simonds, $340.33; I. L. N. Bowen, $77.91; Laura M. Stewart, $76.08; Francis Wright, $626.29; I. G. Taylor, $0.50; Laura Barnard, $440; Geo. F. Muth, $2.50; John Spicer, $3,035.10; Horatio Nater, $250; Frank Trigg, $125.13; Henry Brown, $296; Henry Lacey, $40, two accounts, $20 on each; Charles R. Douglass, $50; Plato Lee, $100; M. F. Benjamin, $50; A. Lowry, $560.27; B. Frazier, $85.50; E. R. Knight, $600; and Geo. W. Van Hook, $2,024.30; making a total so charged of $26,322.19.

We find that previous to may 6, 1870, the date of approval of the act amending the charter of the Freedman's Savings and Trust Company allowing loans upon real estate security, the sum of $84,340.67 appears to have been loaned upon such security; while previous to May 6, 1870, the act of incorporation expressly forbid the investment of the bank funds in any but United States securities.

We submit with this a statement showing quite a large sum which was due depositors at the time the bank failed, which we find credited by the commissioners on loan accounts of such depositors to the full amount of such balance, and in some instances the balance due a depositor has been credited on loan account appearing in the name of another person, and other than those to whom such balance was due.

We desire to call your attention to the eleventh section of the act of incorporation, which provides that all unclaimed deposits, after a period of five years, &c., shall be applied to an educational fund for the education and improvement of persons heretofore held in slavery, &c. So far as we have been able to discover, no such fund was ever established, although there were large sums remaining unclaimed at some of the branches over and above the time specified.

In conclusion, we beg leave to state that in the matter of making loans, the requirements of the charter were not strictly followed, but on the contrary they were often utterly disregarded. In very many cases loans were made upon worthless security; others, upon security of less value than the loan, and others still, upon no security at all, the latter being frequently the case toward the close of the institution, when its condition must certainly have been known to the officers and others connected with it.

The finance committee is entitled to the greater portion of blame for these proceedings, it being their duty to examine carefully all collaterals offered for loans, and to accept none but those known to be perfectly good.

We have given such facts as we have been able to gather from our examination of the books and records, but we believe there are many other transactions in connection with this loan business that can be shown by testimony; transactions which, from their character, would not appear upon the books.

Very respectfully,

JAS. N. FITZPATRICK,
JNO. C. HUNTER,
Accountants.

Schedule showing amount and condition of unpaid loans, as appear from ledger, under date of September 17, 1879.

Date of loan.	No.	Name of borrower.	Security.	Amount of original loan.	Interest and expenses charged against loan previous to failure of bank.	Credits on loan previous to failure.	Ledger balances transferred to commissioners of Freedman's Savings and Trust Company.	Interest charged against loan by commissioners.	Expenses (court fees, advertising, &c.) incurred by the commissioners.	Taxes paid by commissioners.	Credits on loan under commissioners.	Balance now due.	Remarks.
				Dollars.	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	
Apr. 27,'72	815	Arnold, W. R	Lot 6, sec. 9, Barry farm.	800 00	153 25	288 25	665 00	169 20	77 50	.....	415 00	496 70	Property sold and bought in by commissioners for $395; balance unpaid.
Mar. 21,'72	812	Agricultural and Mechanical Association, Nashville, Tenn.	Mortgage on 7 acres of land in Davidson Co., Tenn.	4,000 00	803 33	803 33	4,000 00	236 96	433 51	.....	1,827 68	2,842 79	Judgment. Compromised by acceptance by commissioners of $2,000 secured paper, of which $1,500 and interest has been paid, and transfer of $790.72 due on sundry deposit accounts of Nashville branch.
Aug. 30,'72	1013	Baptist Church, Fifth	Lots 26, 27, and 28, sq. 277	7,000 00	1,072 92	675 92	7,397 00	3,465 41	52 00	.....	4,104 41	6,810 00	
Apr. 21,'72	1260	....do	.....do	4,000 00	372 28	172 28	4,200 00	2,400 00	.....	.....	2,600 00	4,000 00	
Apr. 21,'71	326	Barlow, N. H	Chattel mortgage, pictures, &c.; and $2,000 life insurance.	2,000 00	443 85	1,156 75	1,287 10	239 63	15 00	.....	1,350 00	191 73	Being paid by installments.
July 2,'72	1018	Barrett, Elizabeth	Lot 20, sq. 728	800 00	167 50	160 00	807 50	240 00	77 00	.....	615 21	509 29	Balance due after sale of security; suit to charge other property with balance due.
May 27,'72	964	Barton, Thomas	Lot 29, sec. 2, Barry farm	175 00	35 00	29 75	180 25	8 75	25 00	.....	14 00	200 00	Bill filed to substitute trustee and sale; trustee appointed.
July 11,'73	1480	Boughton & Moore	Real-estate note of Boughton & Moore for $6,480.	4,000 00	.....	.....	4,000 00	.....	126 48	.....	.....	4,126 48	Bankrupts.
Feb. 4,'74	1533	....do	Real-estate note of Boughton & Moore for $4,000.	2,224 81	.....	.....	2,224 81	.....	.....	.....	.....	2,224 81	
Nov. 14,'70	148	Bouldin, Albert	Lot 11, sq. S. of sq. 516	1,000 00	280 00	215 00	1,065 00	368 54	.....	.....	1,309 84	123 70	Being paid by installments.
May 4,'71	360	Bowen, William	Lot 1, sq. 529	2,800 00	532 50	373 00	2,959 50	.....	539 98	.....	211 00	3,288 48	In litigation.
May 8,'71	1355	....do	.....do	2,000 00	.....	50 00	1,950 00	196 62	21 00	.....	.....	2,167 62	
Feb. 6,'72	689	Boyle, Juan	38 acres land, Gaithersburg, Montgomery Co., Md.	1,500 00	90 00	550 00	1,040 00	331 52	.....	.....	421 52	950 00	Suit to foreclose.

Schedule showing amount and condition of unpaid loans, as appear from ledger, under date of September 17, 1879—Continued.

Date of loan.	No.	Name of borrower.	Security.	Amount of original loan.	Interest and expenses charged against loan previous to failure of bank.	Credits on loan previous to failure.	Ledger balances transferred to commissioners of Freedmen's Savings and Trust Company.	Interest charged against loan by commissioners.	Expenses (court fees, advertising, &c.) incurred by the commissioners.	Taxes paid by commissioners.	Credits on loan under commissioners.	Balance now due.	Remarks.
				Dollars.	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	
Feb. 6,'72	690	Boyle, Juan	Lot C, Holden's subdivision lots 9 and 10, sq. 761.	2,000 00	675 00	1,633 88	1,041 12	247 69	94 12	812 09	700 00	1,495 02	Sold and bought in by commissioners for $650; judgment, law, No. 14085, for $1,253.33, with interest and costs.
June 30,'74	1383	Boyle & Co., Juan	Real-estate note of Juan Boyle, $10,000; and $8,000 in bonds Selma, Marion and Memphis Railroad.	29,000 00	.....	1,000 00	28,000 00	2,800 00	454 17	.....	125 00	31,129 17	Judgment for commissioners, law, No. 14085, for $28,000, with interest at 10 per cent. from May 6, 1874, and costs.
June 16,'73	1264	Bradley, A. C	Lot 4, sq. 377	17,000 00	1,467 20	3,867 20	14,600 00	1,169 77	148 43	.....	584 00	15,334 20	In ligitation, to set aside sale of certain property; equity, No. 4260.
June 1,'74	1380	Bradford, John S	Part lot 8, sq. 724	7,900 00	55 33	158 33	7,797 00	2,180 27	130 65	110 62	5,788 11	4,430 43	Property sold and bought in by commissioners for $3,600.
Nov. 13,'71	601½	Braxton, F., (Lexington, Ky.).	Church property in Lexington, Ky.	4,600 00	1,243 65	1,577 45	4,266 20	426 62	25 00	.....	450 00	4,267 82	In suit.
Apr. 30,'74	1544	Brooks, Chase & Fitzhugh.	3 real-estate notes of Brooks *et al.*, 1 for $285 and 2 for $150 each.	625 00	.....	.....	625 00	.....	.....	.....	.....	625 00	Property sold under prior lien (see loan 134), Joseph Brooks *et al.*; notice sent John H. Cook, attorney, for suit, June 17, 1876.
Sept. 13,'71	532	Brooks, Joseph	Part lot 4, sec. 1, Barry farm.	250 00	50 00	37 50	262 50	.....	33 00	.....	.....	295 50	Bill filed to substitute trustee; J. H. Smith appointed trustee.
Oct. 25,'70	134	Brooks, *et al.*, Joseph	Part lot 1, sq. 335	3,000 00	750 00	600 00	3,150 00	373 33	140 87	280 39	3,078 50	866 09	Property sold and bought in by commissioners for $2,750; judgment for $891.34, No. 16194; paid on judgment, $25.50; leaving balance now due, $866.09.
Feb. 8,'71	216	Browne, jr., Jerome	Lot 10, sq. 368	2,500 00	764 40	764 40	2,500 00	557 64	105 90	196 46	3,225 00	135 00	Property sold and bought in by commissioners for $2,850.

June 20,'70	54	Brown & Son, S. P...	Lots 7, 8, 9, 53, 48, 49, 41, 60, 61, 66, 67, 73, 21, 22, 75, and west half of 29, Mount Pleasant.	10,000 00	1,352 46	2,897 16	8,455 30	.....	82 00	.....	.....	8,537 30	In litigation; Supreme Court of the United States.
May 22,'74	1375	Burgess, George.....	Part of Burgess's subdivision of lots 5, 6, 7, 8, and 9, sq. 152.	3,938 36	.....	.....	3,938 36	750 45	95 22	362 30	2,339 55	2,806 78	Property sold and bought in by commissioners for $2,339.55; judgment, law, No. 16193, for $2,785.78, with interest and costs.
May 26,'72	975	Calvert, Eugene S...	Mortgage on farm in Prince George's Co., Md.	6,500 00	.....	.....	6,500 00	1,820 00	247 24	.....	8,443 72	123 52	Property sold and bought in by commissioners for $8,443.72; suit for balance.
Apr. 9,'74	1372	Carson, Perry H.....	Part lot 6, sq, 582.....	1,000 00	2 50	.....	1,002 50	293 89	66 25	.....	40 00	1,322 64	Judgment, No. 15693, for $1,000, with interest and costs.
Feb. 11,'73	1381*a*	Carter, James B.....	Deed of trust and real-estate note of Jacob Vanderlehr, $400.	350 00	172 12	.....	522 12	70 00	21 00	.....	237 63	375 49	Property sold and bought in by commissioners; judgment, No. 14490, for $350, with interest and costs.
Dec. 13,'71	628	Chunning, William..	Lot 9, sec. 3, Barry farm	50 00	12 50	37 50	25 00	5 00	.....	.....	21 00	9 00	Being paid by installments.
Sept. 23,'70	111	Cooper, James.....	Part lots 74 and 75 of old Georgetown.	850 00	.....	.....	850 00	379 90	86 75	28 93	300 00	1,045 58	Property sold and bought in by commissioners for $300. Balance, $1,045.58, charged to profit and loss.
Mar. 29,'71	265	Cornish, G. G.....	Part lot 14, sq. 733	3,000 00	300 00	600 00	2,700 00	223 74	.....	.....	2,834 23	89 51	This balance is difference between 10 per cent. and 8 per cent. after maturity of note.
Oct. 31,'70	135	Crane, W. F.....	Lot 9, sq. 398.....	3,250 00	650 00	650 00	3,250 00	497 43	177 99	312 06	3,940 00	297 48	Property sold and bought in by commissioners for $3,850. Judgment for $276.48 (No. 16204), with interest and costs.
June 17,'71	421	Daniels, Joseph ...	200 acres of land in county of Washington.	8,000 00	2,040 00	1,640 00	8,400 00	.....	532 57	.....	3,112 50	5,820 07	Property sold and bought in by commissioners for $2,500. Judgment, No. 16139, against Joseph Daniels, for $8,471.77, with interest and costs; and judgment against Horace White, No. 4149, for $4,661.70, interest and costs.
Apr. 22,'71	353	Davis, Henson	Part lot 19, sq. 540	200 00	64 00	44 00	220 00	47 50	74 50	51 65	370 00	23 65	Property sold and bought in by commissioners for $350.
Dec. 30,'70	180	Deane, L	Part lot 16, sq. 551	1,750 00	152 25	930 25	972 00	420 28	29 00	.....	1,366 06	55 22	Being paid by installments.
June 9,'74	1377	Dodge, A. T. C	Note of C. H. Holden for $2,500, secured by deed of trust on part lot 5 in sq. 763.	3,145 00	.....	.....	3,145 00	186 08	40 00	.....	.....	3,371 08	Suit pending on note.

Schedule showing amount and condition of unpaid loans, as appear from ledger, under date of September 17, 1879—Continued.

Date of loan.	No.	Name of borrower.	Security.	Amount of original loan.	Interest and expenses charged against loan previous to failure of bank.	Credits on loan previous to failure.	Ledger balances transferred to commissioners of Freedmen's Savings and Trust Company.	Interest charged against loan by commissioners.	Expenses (court fees, advertising, &c.) incurred by the commissioners.	Taxes paid by commissioners.	Credits on loan under commissioners.	Balance now due.	Remarks.
				Dollars.	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	
Jan. 19,'70	28	Dodge, R. P	Real-estate notes of Dodge for $13,000.	13,786 50	10 00	.....	13,796 50	1,696 11	140 65	.....	8,246 79	7,386 47	Property sold and bought in by commissioners for $8,199.50. Judgment for balance. $210.55, of charges disallowed in auditor's report.
Mar. 23,'71	256	Donoho, Thomas	Lot 91, subdivision of Mount Pleasant.	700 00	189 00	189 00	700 00	224 77	45 50	.....	466 88	503 39	Property sold and bought in by commissioners for $321.88.
Oct. 21,'72	1074	Dorsey, Ellen	Part lot 8, sq. 553	175 00	26 25	26 25	175 00	37 24	45 62	43 15	258 75	42 26	Property sold and bought in by commissioners for $250.
Nov. 25,'72	1111	do	do	100 00	15 00	10 00	105 00	5 00	.....	.....	10 00	100 00	Property sold under prior trust. (See preceding loan.)
Dec. 6,'73	1344	Douglass, C. R	Deed of trust, lots 14 and and 23, sec. 8, and lots 3 and 30, sec. 3, of Barry farm.	1,800 00	72 00	.....	1,872 00	.....	.....	.....	41 59	1,830 41	Judgment, law, No. 14852, for $1,800, with interest and costs.
Oct. 12,'72	1121	Douglass, R. M	Property known as Douglass plantation, in Rockingham County, North Carolina.	3,500 00	528 00	525 00	3,503 00	175 00	.....	.....	3,675 00	3 00	
Jan. 1,'72	675	Duvall, George W	Property in Uniontown, D. C., value $7,250, and 76 acres of land valued at $150 per acre.	9,600 00	1,740 37	2,091 00	9,249 37	2,747 62	196 10	1,184 37	7,673 63	5,703 93	Portion of property sold and bought in by commissioners for $7,584.43. Judgment, law, No. 16206, for $5,682.93, with interest and costs.
Apr. 29,'72	1340	Fleming, R. J	Part lots 96 and 97, Mt. Pleasant, D. C.	4,000 00	100 00	2,000 00	2,100 00	307 78	95 25	172 41	1,400 00	1,275 44	Security sold and bought in by commissioners for $1,400.
Jan. 8,'74	1339	do	130 shares Y. M. C. A. stock; bills against colored schools for building, $22,011.92, and notes secured by deed of trust for $4,055.	26,300 00	2,322 00	1,651 04	26,970 96	2,190 46	43 00	.....	12,918 09	16,286 33	Security sold and bought in by commissioners for $12,338.03; suit against District of Columbia on part of security.

Jan. 8,'74	1341	....do	Lots 35 to 55, inclusive, sq. 193.	20,000 00	1,000 00	.....	21,000 00	2,977 78	259 42	906 42	11,105 03	14,038 59	Security sold and bought in by commissioners, $11,105.03.
Mar. 18,'72	761	Fry, Wesley	Lot 27, sec. 8, Barry farm	250 00	52 70	147 35	155 35	38 00	15 96	.....	56 46	152 85	Being paid by installments.
July 9,'72	906	Fowler, Ed. S	Sundry real-estate notes to the value of $26,099.48.	12,369 15	1,671 11	4,420 02	9,620 24	395 00	430 24	.....	7,523 36	2,922 12	This loan originally made to John H. Cook February 7, 1872, upon which he paid $1,151.10. On the 9th of July, 1872, loan assumed by E. S. Fowler, who gave new note for $12,369.15 on same security; part of security sold and bought in by commissioners, balance being paid by installments.
Oct. 7,'72	1051	Gaines, Samuel P	Lot 24, sec. 1, Barry farm	59 51	8 92	8 92	59 51	26 06	.....	.....	64 71	20 86	Being paid by installments.
Aug. 28,'72	1000	Gray, W. H	Sub. of lot 53, sq. 140	1,000 00	160 00	100 00	1,060 00	440 96	32 60	.....	1,305 78	227 78	Balance due after sale of security.
Nov. 26,'72													
Oct. 9,'72	1047	Gwin, Henry	Lot 16, sec. 2, Barry farm	100 00	13 50	44 75	68 75	8 85	.....	.....	75 66	1 94	Being paid by installments.
Nov. 5,'72	1096	Hall, Clara B	Lot 20, block 17, Meridian Hill.	350 00	52 50	35 00	367 50	66 50	63 40	.....	262 50	234 90	Security sold and bought in by commissioners for $262.50; judgment, law, No. 16686, for $350, interest and costs.
Aug. 21,'71	504	Hall, J. H. T	2½ acres land, corner old Soldiers' Home and 7th street.	2,000 00	900 00	1,400 00	1,500 00	334 79	150 66	25 02	701 77	1,308 70	Security sold and bought in by commissioners for $633.27; judgment for $1,325.30, law, No. 5327.
Apr. 6,'73	1283	Hall, R. M	.....	8,658 00	901 77	380 50	9,179 27	860 99	603 74	870 83	8,018 00	3,496 83	Judgment, law, No. 15694, for $3,194, with interest and costs.
Sept. 23,'72	1239	....do	2 R. E. notes, $100 each, Charles E. Bopp.	175 00	.....	.....	175 00	.....	39 00	.....	145 00	69 00	Judgment, law, No. 13523, for $175, costs and interest.
Mar. 31,'71	285	Harris, John	S. ¼ lot 37 and N. ½ 38, in sq. 69.	190 00	45 70	89 28	146 42	42 03	4 00	.....	110 33	82 12	Being paid by installments.
Oct. 7,'72	1048	Harper, James	Lot 35, sec. 3, Barry farm	95 27	14 28	16 76	92 79	18 85	43 00	.....	81 19	73 45	Security sold and bought in by commissioners for $70.
Apr. 8,'71	296	Havenner, C. W	Part lot D, sq. 133	1,200 00									
Apr. 7,'71	297	....do	Part lot 13, sq. 131	1,200 00									
Apr. 7,'71	298	....do	Part lot A, sq. 133	1,200 00									
Apr. 13,'71	308	....do	Part sq. 90	1,200 00	2,353 85	1,337 25	9,416 60	200 00	308 07	136 52	8,259 70	1,801 49	Judgment, law, No. 15707, for $8,400, with interest and costs.
Apr. 14,'71	309	....do	.....do	1,200 00									
Apr. 13,'71	310	....do	.....do	1,200 00									
May 31,'71	396	....do	.....do	1,200 00									
Sept. 11,'72	1222	Havenner & Co., C. W.	Deed of trust and note of Charles McEwen for $1,500.	900 00	18 75	.....	918 75	.....	.....	.....	18 75	900 00	Judgment, law, No. 15705, for $900, interest, &c.
Feb. 27,'73	1398	....do	Deed of trust and note of C. W. Havenner for $1,500.	1,250 00	.....	.....	1,250 00	359 03	186 06	54 19	1,125 00	724 28	Security sold and bought in by commissioners for $1,125; judgment, No. 15705, for balance.
Oct. 1,'74	.....	....do	.....	800 00	.....	.....	800 00	.....	.....	.....	.....	800 00	Judgment, law, No. 15705.
Jan. 16,'72	707	Herndon, Willis	East lot 4, sq. 154	150 00	27 00	87 00	90 00	21 09	.....	.....	88 53	22 56	Being paid by installments.

Schedule showing amount and condition of unpaid loans, as appear from ledger, under date of September 17, 1879—Continued.

Date of loan.	No.	Name of borrower.	Security.	Amount of original loan.	Interest and expenses charged against loan previous to failure of bank.	Credits on loan previous to failure.	Ledger balances transferred to commissioners of Freedman's Savings and Trust Company.	Interest charged against loan by commissioners.	Expenses (court fees, advertising, &c.) incurred by the commissioners.	Taxes paid by commissioners.	Credits on loan under commissioners.	Balance now due.	Remarks.
				Dollars.	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	
Oct. 7,'72	1059	Hill, Amos	Lot 9, sec. 2, Barry farm	150 00	22 32	42 32	130 00	30 82	44 61	.....	131 75	73 68	Security sold and bought in by commissioners for $75.
Sept. 27,'70	1244	Hogan, John	Lot 22, sq. 974	1,600 00	265 20	864 50	1,000 70	379 38	13 75	.....	799 38	594 45	Being paid by installments.
Jan. 17,'71	225	Holden, C. H	Lots 22 to 26, inclusive, sq. 867.	3,333 33	346 68	333 00	3,347 01	1,005 00	127 00	304 22	2,933 41	1,849 82	Property sold and bought in by commissioners for $2,900.
Aug. 8,'71	490	....do	Lots 12 and 13, sq. 734	1,500 00	210 00	150 00	1,560 00	346 25	133 50	114 30	1,625 00	529 05	Property sold and bought in by commissioners for $1,500.
Nov. 10,'73	1326	....do	Lots 34 and 36, sq. 867, R. E. notes, for $2,575.	2,414 58	273 60	.....	2,688 18	1,001 68	274 79	.....	3,150 58	814 07	Being paid by installments.
Nov. 10,'70	1211	Holly, John Thomas	Lot 46, sq. 302	250 00	62 50	62 50	250 00	38 89	80 78	155 64	304 26	221 05	Security sold and bought in by commissioners for $304.26; balance to profit and loss.
Oct. 2,'72	1234	Holmes, Sophia	Lot 25, sq. 338	3,340 00	.....	890 00	2,450 00	812 20	35 00	65 51	3,116 90	245 81	Security sold and bought in by commissioners for $1,800.
June 11,'72	884	Hulse, Charles E	Part of lot 10, sq. 876	2,000 00	408 00	2,000 00	408 00	9 85	.....	.....	409 85	8 00	
Jan. 21,'71	199	Jackson, Samuel	Part sq. 309	550 00	166 24	154 24	562 00	66 28	143 75	.....	410 75	361 28	Security sold and bought in by commissioners for $325. Auditor's report allows balance of $379.78, for which amount and interest judgment has been obtained, law No. 5284.
Jan. 25,'73	1288	Jenkins, Cornelius	Deed of trust on property in Fulton County, Ga.	100 00	5 00	15 00	90 00	9 12	.....	.....	.....	99 12	In suit.
Aug. 15,'73	1297	Johnson, Jos	Lot 13, sec. 3, Barry farm	180 00	9 00	10 00	179 00	76 49	.....	.....	177 49	78 00	Being paid by installments.
Apr. 17,'71	1254	Kaiser, Catharine	Lot 13 and part 14, sq. 347, and life insurance policy, $8,000.	12,000 00	3,167 28	3,167 28	12,000 00	1,200 00	489 25	.....	265 00	13,424 25	In suit to foreclose.
Oct. 25,'71	588	... do	N. ½ lot 14, sq. 347	4,000 00	1,000 00	865 00	4,135 00	.....	.....	.....	35 00	4,100 00	Do.
May 12,'71	366	Keith, John B	Part lot 3, sq. 566	250 00	179 78	12 50	417 28	68 89	66 37	61 91	303 00	311 45	Security sold and bought in by commissioners for $300; balance to profit and loss.
May 6,'72	.....	Knight, E. R	R. E. in Memphis, Tenn	1,700 00	520 00	520 00	1,700 00	.....	.....	.....	.....	1,700 00	Suit to foreclose.

Mar. 25,'71	274	Kopp, Robert	Lot. 9, sq. 140	800 00	158 97	208 97	750 00	152 29	58 09	194 04	727 50	426 92	Security sold and bought in by commissioners for $690. Judgment, law, No. 16192, for $405.92, with interest and costs.
Aug. 3,'70	88	Lancaster, Hillary	Part lot 10, sq. 558	450 00	109 25	143 40	415 85	118 00	135 41	159 20	583 85	244 61	Security sold and bought in by commissioners for $500; additional expense allowed by auditor, $65.20, making balance due per his report $309.81, for which judgment, law, No. 5099, has been obtained.
Apr. 1,'71	270	Lanckton, George M.	58 acres of land in Washington County, said to be worth $250 per acre.	7,000 00	1,200 00	575 00	7,625 00	1,750 00	594 67	.....	5,093 60	4,876 07	Security sold and bought in by commissioners for $2,245; subsequently resold to National Fair Grounds Association.
July 11,'73	1268	Langdon, A	R. E. and R. E. notes $3,421.70.	25,500 00	1,785 00	6,285 00	21,000 00	4,414 08	49 50	.....	21,940 80	3,522 78	In suit.
Oct. 16,'72	1065	Lane, John	Lots 128 and 129, subdivision of Georgetown.	2,500 00	318 85	.....	2,818 85	377 80	.....	.....	3,127 80	68 85	Security sold and bought in by commissioners for $1,327.80.
Oct. 1,'72	1231	Lannum, Benjamin	Part lots 2 and 3, and part 1, sq. 638.	1,100 00	175 00	75 00	1,200 00	242 00	43 00	196 01	1,679 00	2 01	Security sold and bought in by commissioners for $1,450.
Apr. 29, 72	827	Lemore, Charles A	Part lot 3, sq. 791	1,500 00	272 97	672 97	1,100 00	284 63	.....	.....	1,289 63	95 00	Being paid by installments.
Jan. 12,'72	650	Lobsiger, Rudolph	do	3,000 00	404 68	240 68	3,164 00	790 00	237 71	196 86	3,000 00	1,388 57	Security sold and bought in by commissioners for $3,000.
Jan. 7,'74	1337	do	No security	2,300 00	.....	1,000 00	1,300 00	130 00	7 00	.....	.....	1,437 00	
Feb. 27,'74	1364	do	Chattel mortgage, horse and buggy, piano, 2 sets of furniture, &c.	800 00	.....	.....	800 00	.....	7 00	.....	268 70	538 30	
Oct. 16,'72	1238	Loomis, trustee, Silas L.	Lots 16, 17, and 19, sq. 652.	2,500 00	328 69	343 60	2,485 09	1,053 01	124 95	250 20	1,249 87	2,663 38	Security sold and bought in by commissioners for $1,150.80. Judgment, law, No. 5328, for $2,727.61, with interest and costs.
May 4,'72	931	Lowery, Peter	Two lots in Davidson County, and three parcels in Rutherford County, Tenn.	3,000 00	602 50	602 50	3,000 00	.....	296 05	.....	2,288 50	1,007 55	Security sold and bought in by commissioners for $2,250.
July 27,'72	958	Lyons, Evan	69 acres known as Lyons Mill seat, in Washington County, D. C.	34,000 00	4,194 37	6 00	38,188 37	5,515 55	926 88	1,679 97	40,000 00	6,310 77	Security sold and bought in by commissioners for $40,000; balance, $6,310.77, to profit and loss.
July 18,'72	941	McAnnally, J. T	Lots 1 and 2, sq. 716	600 00	129 10	185 00	544, 10	120 62	.....	.....	528 57	136 15	Being paid by installments.
Aug. 12,'72	972	Mackall, B	Lot 7, sq. 252	5,000 00	1,088 14	453 45	5,634 69	445 83	554 65	276 40	6,421, 69	489 88	Security sold and bought in by commissioners for $6,200, suit for balance; $22 of expenses to profit and loss.

Schedule showing amount and condition of unpaid loans, as appear from ledger, under date of September 17, 1879—Continued.

Date of loan.	No.	Name of borrower.	Security.	Amount of original loan.	Interest and expenses charged against loan previous to failure of bank.	Credits on loan previous to failure.	Ledger balances transferred to commissioners of Freedman's Savings and Trust Company.	Interest charged against loan by commissioners.	Expenses (court fees, advertising, &c.) incurred by the commissioners.	Taxes paid by commissioners.	Credits on loan under commissioners.	Balance now due.	Remarks.
				Dollars.	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	
Aug. 12,'71	578	Marshall, Charity A.	Lots 12 and 13, sq. 818 ..	150 00	26 82	76 82	100 00	5 00	88 00	.....	5 00	188 00	Security sold and title proving defective sale abandoned.
Aug. 9,'72	1015	Mattingly, George ..	Lot 7, sq. 760	15,000 00	1,955 37	581 87	16,373 50	.....	318 75	.....	.....	16,692 25	Property securing this loan sold under deed of trust January 17, 1876, and bought in by the commissioners for $14,000. Possession of the property has been contested by Albert Grant, who claims a lien upon the property. Case now in litigation.
Feb. 16,'72	714	Meade, Elizabeth ...	Lots 1, 33, and 34, sq. 168.	2,200 00	231 50	.....	2,431 50	469 94	830 22	995 90	3,912 88	814 68	Security sold and bought in by commissioners for $3,900; balance to profit and loss.
Nov. 2,'72	1093	Middleton, Jos	Lot A, subdivision lot 3, sq. 791.	550 00	81 53	86 50	545 03	26 48	47 12	.....	405 00	213 63	Security sold and bought in by commissioners for $405.
Aug. 22,'72	994	Muirhead, William ..	Lots 35 and 36, sq. 740..	1,500 00	225 00	225 00	1,500 00	632 25	164 00	14 93	1,540 52	770 66	Security sold and bought in by commissioners for $1,300. Judgment, law, No. 5283, for $782.71, with interest and costs.
Oct. 7,'72	1052	Nelson, William	Lot 12, sec. 3, Barry Farm	56 70	8 51	5 67	59 54	17 08	125 92	.....	108 50	94 04	Security sold and bought in by commissioners for $100.
Oct. 15,'73	1338	Nichols, Ortway	Part lot 16, sq. 551	1,500 00	.....	150 00	1,350 00	253 90	19 25	.....	1,473 15	150 00	Being paid by installments.
Feb. 3,'72	701	Osborn, Thomas W..	93 acres Escambia County, Fla.	2,500 00	503 96	253 96	2,750 00	.....	383 00	68 30	.....	3,201 30	In suit.
Apr. 18,'73	1246	Pandler, Joseph.....	Chattel mortgage	250 00	15 50	165 50	100 00	4 51	.....	.....	55 64	48 87	
Nov. 11,'70	147	Parry, A. H.....	Part lot 2, sq. 821	650 00	303 09	426 48	526 61	63 36	72 11	30 92	275 00	418 00	Security sold and bought in by commissioners for $275; balance to profit and loss.
Mar. 2,'72	743	Pike, James T	Part lot 8, sq. 724	4,000 00	214 00	.....	4,214 00	846 67	184 50	200 47	4,980 00	465 64	Security sold and bought in by commissioners for $4,600.

Apr. 30,'73	1434	....do	R. E. notes, James Pike, $5,000, J. T. Pike, $2,000.	6,500 00	.....	330 00	6,170 00	.....	418 40	.....	1,028 00	5,560 40	Security sold and bought in by commissioners for $1,000. Judgment, law, No. 16201, for $5,478.50, interest and costs.
Apr. 22,'72	808	Pindle, Isaac J.....	Lot 10, sec. 2, Barry farm	100 00	28 40	20 00	108 40	.....	.....	.....	.....	108 40	Note lost.
Sept. 25,'72	1037	Pindle, Aaron.....	Lot 16, sq. 336.....	300 00	45 00	45 00	300 00	77 67	72 00	.....	211 50	238 17	Security sold and bought in by commissioners for $210.
Nov. 21,'72	1329	Pomeroy, Sam'l C.	100 shares Second National Bank, Leavenworth, Kans., subsequently withdrawn, and six notes of	6,000 00	.....	.....	6,000 00	2,513 34	271 65	615 05	2,833 31	6,566 73	Security sold and bought in by commissioners for $2,800. Judgment, No. 14891, for $6,000, with interest and costs.
Apr. 27,'73	1717	....do	Aaron G. Underhill, of $1,000 each, secured by policy of insurance, substituted.										
June 20,'70	61	Prater, William.....	Lot 6, sec. 3, Barry farm.	200 00	50 00	50 00	200 00	.....	43 92	.....	.....	243 92	
July 21,'71	1327	Price, George R.....	Lot C, subdivision lot 3, sq. 725.	4,250 00	13 33	65 00	4,198 33	1,812 92	153 97	509 74	2,400 00	4,274 96	Security sold and bought in by commissioners for $2,400; $40 additional due on balance for error in stating original loan.
Dec. 11,'72	1237	Quarles, Frank.....	Deed of trust on property Atlanta, Ga.	1,000 00	100 00	100 00	1,000 00	159 17	2 50	.....	468 89	692 78	Compromised by commissioners under advice of counsel.
Aug. 14,'73	1309	Randall, Margaret A	Lot 21, sq. 539.....	250 00	.....	.....	250 00	75 43	.....	.....	310 18	15 25	Being paid by installments.
Dec. 3,'73	1365	Reynolds, William ..	Lot 16, sq. 551.....	1,525 00	55 22	76 31	1,503 91	19 33	73 85	124 72	1,363 83	357 98	Security sold and bought in by commissioners for $1,150.
June 5,'72	924	Richardson, Anderson.	Lot 27, sec. 9, Barry farm	115 00	20 30	59 25	76 05	32 18	38 65	.....	113 65	33 23	Security sold and bought in by commissioners for $75.
Mar. 15,'72	759	Robinson, William ..	Part lot 31, sq. 557	800 00	150 10	299 35	650 75	161 74	79 00	128 51	810 00	210 00	Security sold and bought in by commissioners for $750. Judgment, law, No. 16687, for $188.75, interest and costs.
Nov. 1,'73	1333	Saint James Parish..	Lots 1, 2, 3, 4, and 5, sq. 915.	1,650 00	66 00	66 00	1,650 00	264 00	199 62	42 53	550 75	1,605 40	Security sold and bought in by commissioners for $549.50. Judgments, Nos. 16222, 16233, and 16919, for $1,650, interest and costs.
Sept. 24,'69	1236	Saint John's Chapel, Norfolk, Va.	Property in Norfolk, Va	2,500 00	377 09	377 09	2,500 00	900 04	.....	.....	2,580 00	820 04	Being paid by installments.
July 20,'70	143	Schureman, J. H. A .	Part lot 24, sq. 728	1,200 00	238 73	86 33	1,352 40	446 00	93 73	315 83	600 00	1,607 96	Security sold and bought in by commissioners for $600. Judgment, law, No. 4624, for $1,299.06, interest and costs.
Dec. 5,'72	1381	Smith, Henry	Deed of trust.....	600 00	.....	200 00	400 00	118 41	25 00	.....	321 72	221 69	Being paid by installments.
Apr. 24,'74	814	Schureman, J. H. A .	Part lot 24, sq. 728	1,600 00	249 90	120 00	1,729 90	172 89	105 65	.....	1,953 74	54 70	Security sold and bought in by commissioners for $600.
Apr. 21,'73	1249	Smallwood, Patsey ..	Lot K, subdivision of sq. 183.	100 00	10 00	5 00	105 00	30 25	46 62	15 99	140 00	57 86	Security sold and bought in by commissioners for $130.

Schedule showing amount and condition of unpaid loans, as appear from ledger, under date of September 17, 1879—Continued.

Date of loan.	No.	Name of borrower.	Security.	Amount of original loan.	Interest and expenses charged against loan previous to failure of bank.	Credits on loan previous to failure.	Ledger balances transferred to commissioners of Freedman's Savings and Trust Company.	Interest charged against loan by commissioners.	Expenses (court fees, advertising, &c.) incurred by the commissioners.	Taxes paid by commissioners.	Credits on loan under commissioners.	Balance now due.	Remarks.
				Dollars.	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	
Nov. 4,'73	1330	Smoot, Samuel S	Deed of trust, sqs. 542, 546, and 547.	3,000 00	.....	400 00	2,600 00	263 61	11 25	.....	.....	2,874 86	Judgment, No. 15708, for $3,000, with interest and costs.
Oct. 22,'70	156	Stanton, Frederick P	East half lot 20, sq. 688, and about 200 acres of land in Montgomery County, Md.	10,500 00	675 50	6,450 00	4,725 50	.....	25 60	.....	1,275 00	3,476 10	Suit to foreclose.
Aug. 26,'71	513	Stewart, Alexander .	Lot 9, sec. 1, Barry farm .	140 00	20 10	77 10	83 00	30 20	39 25	.....	120 30	32 15	
Dec. 23,'73	1378	Stewart, Laura M ...	Part lot 7, sq. 332	1,150 00	34 10	.....	1,184 10	126 81	162 55	52 62	1,450 00	76 08	Security sold and bought in by commissioners for $1,450; balance to profit and loss.
Apr. 7,'73	1284	Stewart, Sophia	Lot A, sq. 68	200 00	10 00	5 00	205 00	43 69	86 63	82 57	220 00	197 89	Security sold and bought in by commissioners for $110.
Sept. 19,'72	1031	Stowell, George H ..	Lot 25, subdivision sq. 420.	4,000 00	600 00	600 00	4,000 00	566 67	196 87	157 73	4,800 00	121 27	Security sold and bought in by commissioners for $4,600. Judgment, law, No. 16202, for $100.27, interest and costs.
June 25,'73	1311	Strong, Samuel.....	South part lot 34, sq. 732.	1,900 00	34 60	665 75	1,268 85	324 77	165 68	123 13	925 52	956 91	Security sold and bought in by commissioners for $909.31. Judgment, law, No. 5282, for $989.21, interest and costs.
June 29,'72	908	Suit, S. Taylor	450 acres of land in Prince George's County, Md.	25,000 00	3,706 12	4,706 12	24,000 00	7,700 00	1,019 06	.....	8,372 33	24,346 73	Security sold and bought in by commissioners for $8,300. Judgment, law, No. 17893, for $24,754.20.
July 11,'73	1486	Talbett, Thomas H..	Real-estate notes of C. H. Holden for $5,000.	1,500 00	.....	.....	1,500 00	.....	187 40	.....	100 00	1,587 40	Suit to foreclose.
July 21,'71	456	Thomas, Ann C	Part lot 15, sq. 58	300 00	66 67	121 67	245 00	102 90	.....	.....	325 60	22 30	Being paid by installments.
Oct. 7,'71	689*a*	Thomas, C. N	Lot 1, block 22, Miller estate.	350 00	.....	.....	350 00	.....	.....	.....	.....	350 00	Judgment, law, No. 14722, against George D. Johnson for $350.

June 29,'72	903	Tilson, Melvina	West half lot 28, sq. 878	500 00	100 00	100 00	500 00	96 11	65 75	20 90	429 00	253 76	Security sold and bought in by commissioners for $429. Judgment, law, No. 16198, for $233.32, interest and costs.
Jan. 19,'72	663	Tucker & Sherman	Lot F, Stott's subdivision of lot 1, sq. 694.	1,950 00	424 24	220 00	2,154 24	157 09	281 07	127 48	2,700 00	19 88	Security sold and bought in by commissioners for $2,700.
June 29,'71	562	Upson, Helen M. B.	Lot 24, sq. 366	1,400 00	322 00	225 00	1,497 00	967 02	243 50	.....	2,746 66	.....	$39.14 overpaid.
May 13,'71	408	Van Hook, J. W	Lots 702 and 703, Uniontown, D. C., about 9¼ acres of land.	6,000 00	414 12	150 00	6,264 12	1,237 00	1,333 18	1,200 00	8,010 00	2,024 30	Security sold and bought in by commissioners for $8,000; balance to profit and loss.
May 9,'71	369	Vashon, George B., and H. B. Taggart.	Lots 1 to 5, inclusive, sq. north of sq. 334.	1,500 00	441 00	405 00	1,536 00	400 00	59 50	.....	1,497 00	498 50	Security sold and bought in by commissioners for $525.
Aug. 15,'73	1287	Walker, Armistead	Lot 16, block 16, Howard University.	175 00	8 75	48 75	135 00	47 67	.....	.....	153 01	29 66	Being paid by installments.
Aug. 5,'73	1321	Warner, Mary J	Deed of trust, lot 29, Brown's subdivision of Mount Pleasant.	1,170 00	.....	.....	1,170 00	62 40	.....	.....	.....	1,232 40	In suit.
Feb. 7,'72	700	Welch, Jane E	Lots 1 and 2, sq. 1000	207 06	15 75	125 84	96 97	43 45	59 55	.....	123 77	76 20	Security sold and bought in by commissioners for $123.77.
Jan. 3,'70	25	Williams, Robert	Lots 21 and 22, sq. 562	9,000 00	.....	2,500 00	6,500 00	1,716 00	454 68	4,212 09	8,754 83	4,127 94	Security sold and bought in by commissioners for $8,754.83. Judgment, law, No. 4118, for $4,143.74, interest and costs.
Sept. 16,'70	946	Wilkes, John	Lots 28 to 38, inclusive, sq. 634.	10,000 00	2,242 00	1,550 00	10,692 00	2,061 11	328 93	4,234 26	11,700 20	5,616 10	Security sold and bought in by commissioners for $10,964.85.
Aug. 15,'72	1293	Wood, John A	Property in Atlanta, Ga.	749 00	.....	.....	749 00	.....	.....	.....	.....	749 00	In hands of attorney for collection.
July 27,'71	466	Wood, William P	Lots 1, 3, and 4, reservation D.	5,000 00	1,050 00	1,050 00	5,000 00	1,000 00	105 24	.....	5,000 00	1,105 24	In process of collection by compromise.
Aug. 16,'72	1369	do	Lot 9, reservation D	2,000 00	22 50	500 00	1,522 50	300 00	22 75	.....	300 00	1,545 25	
June 23,'74	1379	Wright, Francis	Part lot 15, sq. 870	772 76	3 50	.....	776 26	.....	24 97	.....	174 94	626 29	Security sold and bought in by commissioners for $174.94; balance, $626.29, charged to profit and loss. Judgment, No. 16200, for $772.96, with interest and costs.
												315,686 47	
												39 14	Off, overpayment, H. M. B. Upson.
				526,845 03	58,488 16	79,120 34	506,212 85	80 067 85	19,828 95	22,475 34	312,937 66	315,647 33	

Schedule showing amount and condition of unpaid loans, as appear from ledger, under date of September 17, 1879—Continued.

AVAILABLE FUND.

Date of loan.	No.	Name of borrower.	Security.	Amount of original loan.	Interest and expenses charged against loan previous to failure of bank.	Credits on loan previous to failure.	Ledger balances transferred to commissioners of Freedmen's Savings and Trust Company.	Interest charged against loan by commissioners.	Expenses (court fees, advertising, &c.) incurred by the commissioners.	Taxes paid by commissioners.	Credits on loan under commissioners.	Balance now due.	Remarks.
				Dollars.	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	
Sept. 25,'72	1242	Abbott Paving Co		600 00			600 00					600 00	
Dec. 1,'72	1350	....do	Certificates auditor board of public works, $83,303.01.	80,216 82		48,887 59	31,329 23		4 25			31,333 48	In suit.
Sept. 28,'72	1246	....do		6,000 00			6,000 00					6,000 00	
July 26,'73		....do		3,000 00			3,000 00					3,000 00	
Apr. 2,'74		Alden, Lew		90 00			90 00					90 00	In suit.
May 7,'73	1442	Benedict, J. T	2 R. E. notes for $2,000	2,000 00			2,000 00		12 00			2,012 00	Judgment, law, No. 13521, for $2,000 and interest. Interest at 10 per cent. from from May 1, 1873, for 60 days, and 6 per cent. after.
Sept. 13,'73	1512	Bowen, William	Bill for improvements against D. C. amount to $2,428.30.	1,660 92			1,660 92		23 75			1,684 67	Judgment, law, No. 16197, for $1,660.92 and interest.
June 30,'74	1546	Boyle, Juan	Note indorsed by Frank Barnum.	4,366 66			4,366 66					4,366 66	Judgment, law, No. 13777, for $4,366.66, and interest at 10 per cent. for four months from May 6, 1874; after that date, 6 per cent. until paid.
Jan. 20,'74	2651	Brooks, Chase & Fitzhugh.	R. E. note, $300	394 00			394 00					394 00	In hands of attorney for suit.
Dec. 16,'73	2574	Brooks, Joseph	No collateral	100 00			100 00					100 00	Judgment, law, No. 14084, for $586.68, and interest on $486.68 from January 7, 1874, and on $100 from February 17, 1874.
Jan. 17,'74		....do	Indorsement, Thomas Chase.	486 68			486 68		21 00			507 68	
Apr. 18,'72	1420	Brooks and others, F. W.	125 shares International S. S. and Railway Co.	5,500 00	550 00		6,050 00		100 00			6,150 00	In suit.
	1421												
Mar. 20,'72	966	Brown, J. M	$4,000 Detroit Car Loan Company stock.	3,500 00			3,500 00		22 00			3,522 00	Judgment, law, No. 16196, for $4,425 and interest.

Mar. 7,'74	.....	Beuter, F. A	Indorsement, W. J. Cooke.	80 00			80 00					80 00	
July 10,'73	.....	Clayton, Addison	Indorsem't, Jno. Thos. Johnson.	50 00			50 00					50 00	Judgment, law, No. 15937, for $50.
Feb. 26,'74	.....	Chase, T. W	No security	50 00			50 00					50 00	Judgment, law, No. 15928, for $50.
May 15,'74	.....	Coburn, Mary E	Indorsement, W. J. Cooke.	100 00			100 00					100 00	
May 21,'74	2845 2846 2847	Clarke, John E	No security	360 69			360 69		21 00			381 69	Judgment, law, No. 14086, for $360.66, costs and interest.
Sept. 3,'72	1205	Connolly, D. A	....do	5,000 00		4,256 91	743 09		23 00		25 00	741 09	Judgment, law, No. 15990.
May 15,'74	.....	Dillon, L. C	....do	93 33			93 33				35 00	58 33	In hands of attorney.
Apr. 5,'72	994	Davis & Balloch	18 shares Fitchburg R. R. stock.	2,000 00		1,528 72	471 28		21 00			492 28	Judgment, law, No. 16414, for $532.44, and interest from December 4, 1873.
Feb. 15,'73	1503	Dexter, J. E	Indorsement, G. W. Balloch.	500 00		200 00	300 00		21 00		262 30	58 70	Being paid by installments.
Oct. 31,'73	2467	Douglass, C. R	Pay-order on Treasury Department.	270 00			270 00		10 00			280 00	Judgment, law, No. 13522, for $270 and interest, and $13.50 costs.
Mar. 1,'73	.....	Ellis, William	No security	15 00			15 00					15 00	
Feb. 24,'73	.....	Fowler, A. R	....do	20 00			20 00					20 00	Judgment, law, No. 15931, for $50.
May 17,'73	.....	....do	....do	30 00			30 00					30 00	
Oct. 17,'71	581	Finney, W. G	Life-insurance policy, $2,000.	133 00			133 00					133 00	In hands of attorney for collection.
Jan. 8,'74	1531½	Fleming, R. I	No security	3,000 00			3,000 00		10 00			3,010 00	Judgment, law, No. 13696, for $4,002.23 and interest; $585.61 paid since judgment.
Apr. 20,'74	2781	....do	....do	1,143 75		141 52	1,002 23				585 61	416 62	
May 13,'71	440	Flynn, Arthur	R. E. notes, J. T. & J. W. Rawlings, $327.	150 00		60 96	89 04		21 00			110 04	Judgment, law, No. 14088, for $111.54, costs and interest.
Nov. 18,'73	2509	Gray, John A	No security	105 00		52 50	52 50					52 50	Sent to attorney for collection.
June 30,'74	2860	....do	.....do	60 00			60 00				10 00	50 00	In attorney's hands.
Jan. 31,'74	.....	Gray, W. H	.....do	40 00		8 67	31 33					31 33	Judgment, law, No. 15939, for $22.33.
Apr. 13,'74	.....	Gibbs, Thomas	Indorsement, E. S. Savoy.	74 00			74 00					74 00	Judgment, law, No. 15924, for $74.
Dec. 18,'72	1374	Gassaway, F. H	20 shares American Seal Lock Company; 20 shares Capital Publishing Company; R. E. note, $2,250, secured by deed of trust on 20½ acres in Prince George's County, Md.	2,250 00			2,250 00	744 30	259 43	19 17	266 50	3,006 40	Judgment, law, No. 13714, for $3,775.16, and interest at 10 per cent.
Mar. 24,'73	1351	....do	60 shares Second National Bank stock.	2,500 00		14 34	2,485 66		21 00			2,506 66	
Nov. 22,'73	.....	Hartigan, J. F	James T. Pike's indorsement.	50 00			50 00					50 00	Judgment, law, No. 15932, for $50.

Schedule showing amount and condition of unpaid loans, as appear from ledger, under date of September 17, 1879—Continued.

AVAILABLE FUND—Continued.

Date of loan.	No.	Name of borrower.	Security.	Amount of original loan.	Interest and expenses charged against loan previous to failure of bank.	Credits on loan previous to failure.	Ledger balances transferred to commissioners of Freedman's Savings and Trust Company.	Interest charged against loan by commissioners.	Expenses (court fees, advertising, &c.) incurred by the commissioners.	Taxes paid by commissioners.	Credits on loan under commissioners.	Balance now due.	Remarks.
				Dollars.	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	
Feb. 27,'74	.....	Hubbell, A	Pay voucher	10 00	.....	.....	10 00	.....	.....	.....	.....	10 00	
Apr. 13,'74	.....	Hatton, Robert	No security	30 00	.....	.....	30 00	.....	.....	.....	.....	30 00	Judgment, law, No. 15925, for $30.
Sept. 11,'73	2355	Haight, E. R.....	.....do.....	375 00	.....	164 00	211 00	.....	25 00	.....	.....	236 00	Judgment, law, No. 15331, for $222.68 and interest and costs.
Apr. 17,'74	2707	Hall, R. M.....	Indorsement, D. P. Holloway.	170 00	.....	.....	170 00	.....	10 00	.....	.....	180 00	Judgment, law, No. 13523, for $175 and interest and costs.
Mar. 24,'71	361	Havenner & Co., C. W	Notes of W. D. C. Murdock for $5,300.	1,200 00	.....	800 00	400 00	.....	24 00	.....	434 04	.....	$10.04 overpaid.
Mar. 27,'71	364	....do		1,500 00	.....	.....	1,500 00	.....	2 10	.....	203 90	1,298 20	Judgment, law, No. 15705.
Mar. 26,'71	557	....do		700 00	.....	.....	700 00	.....	.....	.....	101 07	598 93	
May 6,'71	425	....do		800 00	.....	.....	800 00	.....	.....	.....	831 40	.....	$31.40 overpaid.
Nov. 29,'72	.....	Hayden, C. W., president.	No security	1,500 00	.....	.....	1,500 00	.....	.....	.....	.....	1,500 00	Judgment, law, No. 13351, for $1,500 and interest and costs.
July 13,'72	1129	Holtzclaw & Bruff ..	$2,000 R. E. notes of M. J. Wheeler.	3,000 00	.....	2,051 69	948 31	263 35	178 91	191 22	1,400 00	181 79	Security sold and bought in by commissioners for $1,400; judgment for balance.
Apr. 15,'72	1001	Hooper, W. R.....	Life insurance policies..	900 00	.....	90 00	810 00	204 95	11 25	.....	700 00	326 20	Judgment, law, No. 16793, for $810; being paid by installments.
Nov. 15,'72	1325	Howe, Frank T.....	Note indorsed by Donn Piatt, and 5 shares Capital Publishing Company.	200 00	.....	.....	200 00	.....	10 00	.....	.....	210 00	Judgment, law, No. 13713, against Donn Piatt for $200 and interest.
Feb. 21,'72	1547	Huntington, estate of William S.	70 shares of American Seal Lock Company.	3,600 00	.....	.....	3,600 00	.....	.....	.....	.....	3,600 00	In suit.
May 12,'74	.....	Johannes, H. C	Indorsement, W. J. Cooke.	100 00	.....	.....	100 00	.....	.....	.....	.....	100 00	
July 12,'72	1173	Johnson, Edward ...	28 shares Y. M. C. A. stock.	550 00	.....	.....	550 00	.....	21 00	.....	.....	571 00	

Apr. 8,'74	.....	Knowles, Elizabeth	Indorsement, C. Kaiser	50 00	.....	25 00	25 00	.....	.....	.....	5 00	20 00	Judgment, law, No. 15926, for $26.28.
Mar. 27,'72	977	Kennedy, James C	$20,000 second mortgage bonds Maryland Mining and Manufacturing Company.	12, 000 00	.....	.....	12, 000 00	.....	15 00	.....	.....	12, 015 00	In suit; Supreme Court of the United States.
Mar. 1,'72	1401	Kilbourne, Hallet	Note of Hallet Kilbourne, president.	3, 000 00	.....	.....	3, 000 00	.....	.....	.....	.....	3, 000 00	In suit.
Feb. 27,'74	1373	Lacy, Henry	Indorsement, T. H. Williams and George D. Johnson, and deed of trust, chattel.	115 00	.....	.....	115 00	.....	23 00	.....	.....	138 00	Judgment, law, No. 14089, for $115; costs, $18.15, and interest from February 27, 1874.
July 19,'73	2103	Lamson, F. S	Indorsement, Z. Richards.	300 00	.....	.....	300 00	.....	22 00	.....	.....	322 00	Judgment, law, No. 14090, for $700 and interest.
Apr. 12,'73	1678	....do	.....do	400 00	.....	.....	400 00	.....	.....	.....	.....	400 00	
Jan. 30,'74	2669	Latham, T. J	Indorsement, C. F. Van Buren.	1, 800 00	.....	.....	1, 800 00	.....	11 00	.....	.....	1, 811 00	Judgment, law, No. 15778, for $1,800.
Feb. 3,'74	2286	Lay, J. C	No security	300 00	.....	.....	300 00	.....	21 00	.....	.....	321 00	Judgment, law, No. 15333, for $300 and interest.
Aug. 30,'73	2282	Lucas, Thomas	Indorsement of John E. Cox.	1, 000 00	.....	.....	1, 000 00	.....	115 50	.....	.....	1, 115 50	Judgment, law, No. 13779, for $1,000 and interest.
July 11,'74	1386	McCain, R. H	Deed of trust, property, Memphis, Tenn.	1, 100 00	.....	.....	1, 100 00	100 42	.....	.....	305 38	895 04	In suit.
June 20,'74	2848	McIntosh, A	Indorsement, C. C. Nelson and T. W. Chase.	150 00	.....	.....	150 00	.....	23 00	.....	.....	173 00	Judgment, law, No. 15334, for $150 and interest.
Feb. 13,'73	.....	Morris, R. K	No security	30 00	.....	.....	30 00	.....	.....	.....	.....	30 00	Judgment, law, No. 15929, for $30.
Feb. 28,'73	.....	Miller, David	Pay voucher	75 00	.....	.....	75 00	.....	.....	.....	74 60	40	Balance due deposit account of Charles R. Douglass applied to this account, Washington Branch.
Mar. 17,'73	.....	....do	.....do	75 00	.....	.....	75 00	.....	.....	.....	.....	75 00	
June 19,'74	2850	Miller, T. Wilde	Indorsement, H. O. Gray and W. J. Cooke.	121 10	.....	.....	121 10	.....	23 00	.....	.....	144 10	Judgment, law, No. 16411, for $121.10 and interest.
Aug. 31,'70	172	Mullett, A. B	100 shares Morris Mining Company, Colorado.	1, 400 00	.....	.....	1, 400 00	.....	.....	.....	.....	1, 400 00	Judgment, law, No. 9401, for $1,400, interest and costs.
Sept. 13,'73	2374	Nelson, James A	No security	700 00	.....	.....	700 00	.....	21 00	.....	7 55	713 45	Judgment, law, No. 14724, for $700 and interest.
Sept. 26,'72	960	Newman, George H.	Indorsement, George D. Johnson.	40 00	.....	.....	40 00	.....	21 00	.....	.....	61 00	Embraced in judgment, law, No. 14491, for $290 and interest.
Mar. 18,'73	1605	....do	No security	100 00	.....	.....	100 00	.....	.....	.....	.....	100 00	
Apr. 22,'73	1710	....do	.....do	50 00	.....	.....	50 00	.....	.....	.....	.....	50 00	
Dec. 2,'73	2554	....do	.....do	100 00	.....	.....	100 00	.....	.....	.....	.....	100 00	

Schedule showing amount and condition of unpaid loans, as appear from ledger, under date of September 17, 1879—Continued.

AVAILABLE FUND—Continued.

Date of loan.	No.	Name of borrower.	Security.	Amount of original loan.	Interest and expenses charged against loan previous to failure of bank.	Credits on loan previous to failure.	Ledger balances transferred to commissioners of Freedman's Savings and Trust Company.	Interest charged against loan by commissioners.	Expenses (court fees, advertising, &c.) incurred by the commissioners.	Taxes paid by commissioners.	Credits on loan under commissioners.	Balance now due.	Remarks.
				Dollars.	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	
June 13,'73	1946	Newman & Middleton	Orders on the board of public works of the District of Columbia.	800 00	.....	.....	800 00	.....		.....	.....	800 00	
June 27,'73	2003	....do		600 00	.....	.....	600 00	.....		.....	233 48	366 52	
July 12,'73	2088	....do		500 00	.....	154 00	346 00	.....		.....	.....	346 00	
Aug. 16,'73	2234	....do		300 00	.....	.....	300 00	.....	22 00	.....	.....	300 00	Judgment, law, No. 14992, for $3,825 and interest.
Aug. 23,'73	2247	....do		500 00	.....	.....	500 00	.....		.....	.....	500 00	
Aug. 30,'73	2281	....do		700 00	.....	.....	700 00	.....		.....	.....	700 00	
Sept. 6,'73	2343	....do		500 00	.....	.....	500 00	.....		.....	.....	500 00	
Sept. 13,'73	2373	....do		200 00	.....	.....	200 00	.....		.....	.....	222 00	
Jan. 21,'74	2380	Orr, Moses	Indorsement of Joseph Brooks.	120 00	.....	.....	120 00	.....	23 00	.....	.....	143 00	Judgment, law, No. 14091, for $120 and interest, and $16.25 costs.
Feb. 24,'73	.....	Pike, James T	No security	450 00	.....	340 00	110 00	.....	.....	.....	.....	110 00	
Nov. 23,'72	1330	Pannell, A	Approved bill for work at Fort Whipple.	309 24	.....	.....	309 24	.....	.....	.....	.....	309 24	
Dec. 7,'72	.....	....do	No security	481 25	.....	.....	481 25	.....	.....	.....	.....	481 25	In suit.
Dec. 10,'72	1345	....do	Bill for work at Fort Whipple.	168 00	.....	.....	168 00	.....	.....	.....	106 65	61 35	
Dec. 18,'72	.....	....do	No security	297 68	.....	.....	297 68	.....	.....	.....	.....	297 68	
Aug. 21,'73	.....	Richardson, J. H	Indorsement of R. W. Tompkins.	50 00	.....	.....	50 00	.....	.....	.....	.....	50 00	
May 15,'74	.....	Robertson, Samuel	Indorsement of F. A. Beuter.	80 00	.....	.....	80 00	.....	.....	.....	.....	80 00	In hands of J. H. Cooke for collection.
Jan. 30,'74	....	Stanton, E. H	Pay voucher	33 33	.....	.....	33 33	.....	.....	.....	.....	33 33	
May 29,'74	....	Smith, George W	Indorsement of T. H. Wright.	68 75	.....	.....	68 75	.....	.....	.....	62 18	6 57	Being paid by installments.
Dec. 27,'73	1530	Searle, Henry R	$\frac{1}{6}$ interest in Washington Building Block Co.	923 00	.....	.....	923 00	.....	21 00	.....	.....	944 00	Judgment, law, No. 17401, for $1,061.15.
Jan. 22,'72	1104	Sherman, C. A	3 shares First Co-operative Building Association; 22 shares East Capitol Building Association; 4 shares Connecticut Railroad Co.	2,000 00	.....	1,069 25	930 75	.....	30 15	.....	.....	960 90	Judgment, law, No. 15646, against J. T. Holtclaw, for $996.27, and in suit against Bruff.

Aug. 22, '72	1189	Sherman, Franklin ..	$1,100 first mort. bonds C. and O. Railroad Co.	900 00			900 00					900 00	
Jan. 14, '74	2644, 2645, 2646	Simmons, Arthur ..	No security	200 00		25 00	175 00		21 00			196 00	Judgment, law, No. 14093, for $176.01 and interest.
Apr. 28, '73	1728	Smolinski, J.	do	400 00		128 45	271 55		26 81			298 36	Judgment, law, No. 14778, for $495 and $17.80 costs.
Dec. 23, '74		do		95 00			95 00					95 00	
Nov. 8, '73	2491	Smolinski & Lyle ...	$1,400 real estate note	1,478 47			1,478 47		20 00		644 59	853 88	Judgment, law, No. 14779, for $1,034.49 after sale of security.
Aug. 10, '71	394	Stewart, Joseph B..	Acceptance C. W. Havenner & Co.	3,250 00			3,250 00		2 20			3,252 20	In suit.
June 13, '71	484	Vandenburgh, J. V. W	Order on chief engineer Washington Aqueduct for $5,000.	5,000 00		3,848 50	1,151 50				668 35	483 15	
Sept. 21, '71	1234	do	Certified bill for work on Virginia av., $4,250.	4,000 00			4,000 00				3,094 01	905 99	
Oct. 26, '72	1242	do	No security	2,550 00			2,550 00				1,224 66	1,325 34	
Nov. 9, '72	1317	do	Certificate of auditor of board of public works of District of Columbia, $2,550.	2,500 00			2,500 00					2,500 00	
Nov. 14, '72	1177	do	No security	1,000 00			1,000 00					1,000 00	
Dec. 10, '72	1320	do	do	2,700 00			2,700 00					2,700 00	
Jan. 24, '73	1370	do	Certificate auditor of the board of public works Washington, D. C.	1,000 00			1,000 00					1,000 00	
Jan. 25, '73	1428	do	No security	1,500 00			1,500 00					1,500 00	
Feb. 11, '73	1382	do	Certificate of board of public works, $4,016.40.	2,000 00			2,000 00					2,000 00	
Feb. 21, '73	1391	do	Certificate board of public works, $3,636.60.	1,200 00			1,200 00					1,200 00	
Feb. 25, '73	1395	do	$3,000 Second National Bank stock.	2,500 00			2,500 00				750 00	1,750 00	In suit.
Feb. 26, '73	1397	do		6,492 08			6,492 08					6,492 08	
Dec. 21, '72	1396	do		58,025 71		22,918 15	35,107 56		13 00		12,182 62	22,937 94	
Apr. 18, '73	1424	do		1,300 00			1,300 00					1,300 00	
Apr. 26, '73	1431	do	Certificate board of public works for $1,309.80.	1,000 00			1,000 00					1,000 00	
May 9, '73	1444	do	Transfer of interest in 40 acres land and note, J. V. W. Vandenburgh, for $927.27.	1,500 00			1,500 00					1,500 00	
May 20, '73	1451	do	Order on J. M. Magruder, treasurer board of public works, District of Columbia.	1,200 00			1,200 00					1,200 00	
June 14, '73	1472	do	Certificate board of public works, $4,027.95.	4,000 00			4,000 00					4,000 00	
July 3, '73	2049	do		1,500 00			1,500 00					1,500 00	
Aug. 15, '73	2217	do		3,000 00			3,000 00					3,000 00	
Aug. 16, '73	2224	do		1,000 00			1,000 00					1,000 00	

Schedule showing amount and condition of unpaid loans, as appear from ledger, under date of September 17, 1879—Continued.

AVAILABLE FUND—Continued.

Date of loan.	No.	Name of borrower.	Security.	Amount of original loan.	Interest and expenses charged against loan previous to failure of bank.	Credits on loan previous to failure.	Ledger balances transferred to commissioners of Freedman's Savings and Trust Company.	Interest charged against loan by commissioners.	Expenses (court fees, advertising, &c.) incurred by the commissioners.	Taxes paid by commissioners.	Credits on loan under commissioners.	Balance now due.	Remarks.
				Dollars.	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	
July 24, '73	2116	Vandenburgh, J. V. W		4,483 05			4,483 05					4,483 05	
Sept. 23, '73	2364	....do		6,500 00			6,500 00					6,500 00	
Oct. 8, '73	2424	....do		3,623 48			3,623 48					3,623 48	In suit.
Apr. 18, '73	1538	....do	8 per cent. bonds, District of Columbia, $4,200.	3,075 00			3,075 00					3,075 00	
Mar. 25, '73	1611	Van Hook, George W	No security	144 12			144 12				1 42	142 70	
Mar. 17, '74	.....	Waller, Washington	Indorsement, A. McIntosh.	35 00			35 00				9 00	26 00	Judgment, law, No. 15930, for $35.
Mar. 21, '74	.....	Wells, Richard	Indorsement, Robert Hatton.	50 00		20 00	30 00					30 00	Judgment, law, No. 15927, for $31.28.
Apr. 28, '74	.....	White, Charles	Indorsement, W. J. Cooke	225 00			225 00					225 00	
May 15, '74	....	Wilson, Charles C	....do	80 00			80 00					80 00	
Oct. 18, '73	2443	Waters, R. W	No security	150 00			150 00		10 00			160 00	Judgment, law, No. 13524, for $150 and interest.
May 21, '74	2734	Washington, Isaiah	Order on board of public works.	75 00			75 00		21 00		45 00	126 00	Judgment, law, No. 15335, for $150 and interest.
Apr. 24, '74	2786	....do		75 00			75 00						
Apr. 26 '71	397	Welch, Daniel	Indorsement, D. L. Eaton	230 40			310 40		21 00			331 40	
Feb. 12, '73	1489	....do	No security	50 00									
July 10, '73	2072	....do	....do	30 00									
Sept. 14, '71	649	Welch & Co., Daniel	Note W. G. Matthew, secured by deed of trust, $306.92.	250 00		67 07	182 93		22 00		82 93	122 00	
Jan. 10, '74	2629	Williams, T. H	Indorsement, Lawrence Scott.	370 00			370 00		10 00			380 00	Judgment, law, No. 13525, for $370 and interest.
		Alexander, C. M	No collateral	50 00			50 00					50 00	
June 4, '73	.....	Pike, J. T	Check on National Metropolitan Bank, Washington, D. C., at two days, indorsed by G. G. Cornish.	100 00	1 85		101 85					101 85	
Aug. 22, '73	.....	Sammis, E. C	Check on Washington Branch Freedman's Savings and Trust Co.	10 00			10 00					10 00	This check is initialed on its face "G. W. S." These items were found in the loan clerk's cash, July 11, 1874.

Aug. 12, '75		Berry, A	Individual note	227 80			227 80					227 80	Part of the assets of the branch at Natchez, Miss.
May 2, '75		Searle, H. R	No security	138 15			138 15					138 15	This amount is the difference between 6 per cent. and 10 per cent. interest on a note of Searle's after maturity.
				303,875 46	551 85	86,852 32	217,574 99	1,313 02	1,431 35	210 39	24,352 24	196,218 95	
												41 44	Less overpayments.
												196,177 51	

Original amount of loans on real estate unpaid at time of failure		$526,845 03
Interest and expenses charged against loans on ledger, previous to failure of bank		58,488 03
		585,333 19
Paid on account of loans previous to failure		79,120 34
Ledger balances on loans transferred to commissioners		506,212 85
Interest charged up against loans by commissioners		80,067 85
Expenses—court fees, advertising, &c., incurred by commissioners		19,828 95
Taxes paid by commissioners on account of loans		22,475 34
		628,584 99
Credits on loans under commissioners, less overpayment		312,937 66
Balance now due on real estate loans as appear from ledger accounts		315,647 33
Original amount of loans made from available fund, unpaid at time of failure	$303,875 46	
Interest and expenses charged against loans on ledger, previous to failure of bank	551 85	
	304,427 31	
Paid on account of loans previous to failure	86,852 32	
Ledger balances transferred to commissioners	217,574 99	
Interest charged up by commissioners	1,313 02	
Expenses—court fees, advertising, &c., incurred by commissioners	1,431 35	
Taxes paid by commissioners	210 39	
Credits on available fund loans under the commissioners	220,529 75	
Balance now due as shown by ledger accounts	24,352 24	
		196,177 51
Total due on account of loans as appear from loan ledger		*511,824 84

*This amount is exclusive of accrued interest not yet charged on ledger

No. 3.—*Statement of balances due depositors, applied by Commissioners as credits on loan accounts, as per balance schedules.*

Date.	Name of depositor.	Branch.	Amount.	Applied to—	Schedule page.
Apr. 14, 1879	Avery, William O	Washington	$585 32	Loan of H. M. B. Upson, his wife	17 and 25
Mar. 21, 1877	Arrick, Clifford	do	3, 675 00	His loan account	30 and 33
Oct. 18, 1875	Burns, John	do	6 58		
Sept. 8, 1875	Benevolent Association, Union	do	7 16		
Oct. 1, 1874	Clarke, J. Wingate	do	23 59		
Jan. 20, 1875	Church, Nineteenth Street Baptist	do	105 83	John W. Hunter *et al.;* loan	15
Apr. 20, 1875	Coulton, H. V	do	5 98		
Jan. 30, 1879	Douglass, Charles R., treasurer	do	74 60	Loan of David Miller	35
Jan. 24, 1878	Darby, Mrs. Annie	do	97 00	Loan of Ralph H. Darby	23
Jan. 24, 1878	do	do	1, 655 00	do	23
	Darby, Ralph H	do	05	do	23
Nov. 28, 1874	Fiske, Harriet P., trustee	do	2, 356 20	Loan of Leonidas Scott	17
Apr. 5, 1876	French, Amanda E	do	32 33	His loan account	
Nov. 11, 1874	Hill, Amos	do	10 50		
June 9, 1874	Hartley Brothers	do	1, 200 00	Paid by credit to profit and loss; loan account of Evan Lyons	22
June 9, 1874	Herr, A. H	do	600 00	do	22
Sept. 25, 1875	Jackson, Joseph H	do	9 22	His loan account	
Oct. 1, 1874	King, Mary and Edwin	do	7 60	Their loan account	
June 21, 1875	Martin, Reason T	do	6 42	His loan account	
Nov. 17, 1874	O'Donnell, William	do	89 70	do	
Apr. 24, 1879	Pandler, Joseph	do	1 13	do	
Aug. 14, 1875	Parker, Jackson	do	341 34	do	26
Apr. 24, 1879	Randall, A. W	do	222 90	do	33
Dec. 14, 1874	Rising Sons and Daughters of Liberty	do	118 95		Schedule page 61
July 7, 1875	Sherman, Caroline A	do	22 87	Her loan account	
Oct. 20, 1875	Tompkins, R. W	ds	145 11	$30 of balance applied to loan account of George H. Newman. (So informed.)	
June 9, 1879	Waters, J. G	do	600 00	Paid by credit to profit and loss account Evan Lyons	22
Oct. 27, 1875	Marsh, W. L., administrator	Memphis, Tenn	703 68	His loan account	43
Oct. 27, 1875	Marsh, W. L	do	489 22	do	43
Jan. 16, 1875	Fields, Robert	do	236 00	do	43
Aug. 25, 1875	Bruce, Elisha A	Jacksonville, Fla	125 59	"Applied in payment of Wornock's loan"	42
Oct. 31, 1875	Swain, J. W	do	300 00	His loan account	42
Jan. 8, 1875	Hamilton, Thomas	Beaufort, S. C	212 18	do	41
Feb. 6, 1879	Bennett & Co	do	76 07	do	41
Feb. 6, 1879	Kendall, C. G	do	1 05	do	41
Feb. 6, 1879	Pollitzer, Moritz	do	10 76	do	41
Jan. 15, 1875	Dallas Street Sinking Fund	Baltimore, Md	628 01	Applied to loan to the Dallas Street Church	26
Jan. 15, 1875	Dallas Street Educational Fund	do	77 03	do	26
Jan. 15, 1875	Caldwell, Charles	do	400 00	do	26
June 18, 1875	Brown, Robert	Vicksburg, Miss	519 34	His loan account	44
Mar. 4, 1876	Cardoza, Thomas W	do	05	do	44
May 12, 1875	Corprew, Rev. E. G	Norfolk, Va	309 06	"Payment of note"	13
May 27, 1875	Elliott, Joel	do	271 39	His loan account	13

May 27, 1875	Elliott, James	do	$153 08	do	13
Aug. 9, 1878	Butler, W. B.	Nashville, Tenn	135 96	Credited to loan account of Agricultural and Mechanical Association, Nashville, Tenn.	19
Aug. 9, 1878	Harding, Henry	do	550 35		
Aug. 9, 1878	Howard, John Lucas	do	3 44		
Aug. 9, 1878	Keeble, S. W	do	59		
Aug. 9, 1878	Lapsley, J. W	do	4 23		
Aug. 9, 1878	Rhodes, H. P	do	14 75		
Aug. 9, 1878	Smith, Abram	do	81 40		
Nov. 5, 1875	Quarles, Frank	Atlanta, Ga	68 89	His loan account	25
May 23, 1876	Brooks, L. W		4 22	do	
	Total		17,376 72		

REPORT ON WASHINGTON BRANCH.

WASHINGTON, D. C., *December* 5, 1879.

Hon. B. K. BRUCE,

Chairman Select Committee Freedman's Savings and Trust Company:

DEAR SIR: In accordance with your instructions, we have the honor to submit the following report as the result of our examination of the individual or deposit ledgers of the Washington Branch of the Freedman's Savings and Trust Company. In submitting this report we have to state that it is but a partial one. To furnish the committee a full report upon the Washington Branch from an actual examination of the books would require much more time than we have had at our disposal, owing to your instructions to proceed first with the examination of the loan accounts, a report upon which we have submitted. In the Washington Branch our examination has been completed to November, 1869, and we have so far discovered discrepancies in accounts which we consider of sufficient importance to furnish the committee in advance of a full and final report. The accounts in which these discrepancies appear we have followed through the different ledgers to the close, and fail to find them corrected. The result of their examination increases the overdrafts of depositors to a considerable extent.

Our examination has been made by a careful comparison of the journal entries with those on the ledger. The pass-books in many cases we fail to find, they having been returned to the depositors, and we have therefore relied upon the journals as the basis of our examination.

Under date of November 1, 1869, the balances were transferred to a new ledger (D), and the examination of each account was then continued throughout that ledger. The first error of importance which attracted our attention was under date of May 31, 1870 (ledger D), wherein the account of the "Educational Fund" received a credit in duplicate of $406.23; this entry appears in the account as the last one previous to a settlement on the pass-book, and is repeated on the ledger immediately following the settlement. We continued our examination of the account through the subsequent ledgers to see if the entry had been corrected, but failed to find any charge to offset it, and under date of February 25, 1873, the account appears closed on the ledger, whereas it should show an overdraft of $406.23.

The personal account of Gen. O. O. Howard also appears closed on the ledger under date of July 1, 1874. The result of our examination, as shown by the accompanying statement, shows an overdraft of $2,415.78, the bulk of which is composed by giving him a credit balance on the ledger which cannot be arrived at from the figures as they there appear. We have not been able to find his pass-book, and his vouchers are marked on the ledger surrendered.

It is proper to state, in connection with the two accounts above mentioned, that they were not examined by the commissioners, inasmuch as they appeared closed on the ledger, and the commissioners in their examination treated only *open* accounts.

The account of R. W. Tompkins, one of the bookkeepers, discloses a discrepancy of $1,210.91. In the examination of this account, we find folios 1119 and 1120 in ledger G (on which a portion of his account was contained) cut out and missing, but we have been enabled to get from the journal entries a correct amount of both the drafts and deposits covered by the period which was embraced in the missing folios. A statement of this account is herewith attached, which, instead of a credit balance of $145.11, shows an overdraft of $1,065.80.

The individual account of George W. Stickney shows an additional overdraft to that stated on the schedule of $1,092.90, and the account of George W. Stickney & Co. is overdrawn $18, although appearing closed on the ledger. The accompanying statement gives the items in detail.

In the account of the Abbott Paving Company an additional overdraft of $1,186.18 is discovered. J. V. W. Vandenburgh's personal account appears also overdrawn $3,906.86 in excess of the overdraft represented by the schedule of the commissioners. J. V. W. Vandenburgh & Co.'s account appears closed on the ledger, whereas our examination discloses a credit balance of $3,505.83.

The three accounts just mentioned were all checked upon by Vandenburgh, and frequently his drafts were posted on the ledger to the wrong account. A total difference of $1,587.21 is shown by the accompanying statement against the three accounts.

Maj. J. M. Brown's account shows an additional overdraft to that reported in the commissioners' schedule of $114.16.

The commissioners' schedule of balances due depositors which is taken from the ledgers shows to their credit, July 11, 1874	$331,398 28
The amount shown to their credit by the books of the principal office is.	289,066 96
Making a difference of	42,331 32

Which has been regarded as an *unexplained* difference. Of this unexplained difference we have thus far discovered:

Overdraft of educational fund	$406 23
Overdraft of O. O. Howard	2,415 78
Difference in account R. W. Tompkins	1,210 91
Difference in account George W. Stickney	1,092 90
Overdraft of George W. Stickney & Co	18 00
Difference in account Maj. J. M. Brown	144 16
Difference in account J. V. W. Vandenburgh	1,587 21
	6,875 19

It will be seen that the *unexplained* difference mentioned above of $42,331.32 is, by our examination, reduced to the extent of $6,875.19.

From what we have seen of the books, up to the present stage of our examination, we are quite confident that many more errors will appear, which will still further reduce this discrepancy

We call particular attention to the fact that on the 11th day of July, 1874, the day the affairs were all arranged, and balances made out preparatory to the transfer to the commissioners, Mr. Stickney and Mr. Tompkins, the former actuary and the latter bookkeeper, both made large drafts on the bank, the former to the extent of $10,523.74 honored. Part of the money drawn by Mr. Stickney on this date was for bank business and part on his personal account.

and the latter $1,000, although the bank had been declared closed by the board of trustees on the 29th of June, 1874, or twelve days prior to the time their drafts were

In addition to the missing pages heretofore referred to in the account of R. W. Tompkins, we find pages 193, 194, 195, and 196 cut out of ledger E, but a memorandum appears stating that they were removed for a sample in having new books made. In the same ledger, however, pages 394 and 395 were also cut out, and, upon reference to the ledger index, we find those missing pages contained the accounts of certain depositors. Their correct condition, however, can be arrived at, as in the case of Tompkins—that is, by a close examination of the journal entries. The indexes, as a general thing, are utterly unreliable, and, owing to this fact, we have experienced great difficulty in tracing accounts. The index reference to the accounts on folios 394 and 395 is, however, an exceptional case.

ACCOUNT GEN. O. O. HOWARD.

a/c correct to May 26, '70.

Dec. 1, '70.	Balance, as per examination, to credit of a/c			3,441 99
" " "	Balance, as shown by ledger, to credit of a/c			3,030 61
	Examination shows more to credit, by			411 38
	Which is correct and explained as follows:			
June 6, '70.	Balance stated on ledger too little		$9 00	
Aug't 17, "	Do. " " " " "		200 00	
Sept. 3, "	Do. " " " " "		10 00	
" 5, "	Do. " " " " "		90 00	
" 26, "	Deposit this date $90; posted on the ledger as a draft, diff. $180		180 00	
			$489 00	
May 26, '70.	Deposit this date, posted on ledger twice, and making the balance too much by	$77 50		
July 2, '70.	Balance stated on ledger too much	02		
Aug't 27, "	Balance stated on ledger too much	10		
			77 62	
				411 38
Mar. 6, '71.	Balance to credit, as per examination			2,028 60
" " "	Balance to credit as shown by ledger			1,597 22
	Examination shows more to credit			$431 38
	Explanation as follows:			
	Difference as shown to Dec'r 1, '70		$411 38	
	Febr'y 4, '71, ch'k of $40 posted on ledger as $60.		20 00	
				431 38
	Starting now with a balance to the credit of the a/c, as shown to be correct to March 6, '71, we have balance to credit M'ch 6, '71			$2,028 60
	To which add total deposits to June 20, '71			2,258 04
				$4,286 64

	From which deduct total drafts from March 6, '71, to June 20, '71		$4,537 46
	And we show an overdraft of		$250 82
June 20, '71.	Ledger shows balance to credit of		1,803 79
	Diff		$2,054 61
	Add d'ft M'ch 12, '72, not included in ledger additions	260 50	
	" Deposit Nov. 16, '72, not on journal	100 00	
	" July 8, '71, d'ft posted $20; should be $21	1 00	
		361 50	
	Less Sep. 12, '71, posted too much 11c		
	" " 23, " " " " " 36		
		47	
			361 03
			$2,415 64
	Unexplained difference		14
	Overdraft		$2,415 78
	Total deposits made by O. O. H		$212,748 91
	Total drafts made by O. O. H		215 164 69
	Showing overdraft as above		2,415 78

ACCOUNT OF R. W. TOMPKINS.

	Balance as shown by the schedule to credit of account		$145 11
	" " " by examination to debit of acct		1,065 80
	Difference		$1,210 91
	Explained as follows:		
Sep. 23, '71.	Check of this date not posted on the ledger		13 75
Dec'r 21, '71.	Deposit of this date posted on the ledger as	$60 00	
	Journal entry and deposit slip both show	50 00	
	Diff		10
June 1, '72.	Deposit this date not found on journal or deposit slip		100
	Total d'fts on missing folio No. 1120, ledger G, as per journal	$4,320 42	
	" deposits on missing folio No. 1120, ledger G, as per journal	3,580 54	
	Diff		739 88
Aug't , '73.	Error in forwarding balance this date to folio No. 1121 G		128 98
" 27, "	Deposit this date not on journal or deposit slip		53
Sept. 2, "	" " " " posted & added on ledger $325, should be $225		100
Oct. 13, "	" " " " not on journal or deposit slip		56 80
Sep. 8, "	D'ft this date charged on ledger $100, on journal $109		9
			$1,211 41
Aug't 14, '73.	Less d'ft this date overcharged on ledger		50
			$1,210 91

GEORGE W. STICKNEY.

	At the close of this ¾c on folio No. 23, ledger B, under date July 2, '74, it appears overdrawn	$57 22
	Our examination shows an overdraft of	1,150 12
	Difference	$1,092 90

Accounted for as follows:

Dec'r 13, '71.	Draft this date not posted		$126 37	
Aug't 18, '73.	" " " for $400 posted on the ledger as a deposit—difference		800 00	
Feb. 3, '74.	Draft this date not posted		150 00	
Jan'y 13, '74.	Deposit this date posted on ledger, but not found on journal or deposit slip		50 00	
			$1,126 37	
Dec'r 12, '71.	Less balance to credit of a/c this date not forwarded	$32 37		
Oct. 29, '73.	Deposit this date posted err'y	10		
			33 47	
				$1,092 90

GEO. W. STICKNEY & CO.

1870.			
Oct. 5.	Deposit this date erroneously posted belongs to G. W. Stickney personal		$33 00
Aug't 8, '70.	Less draft this date posted by error		15 00
	Difference		$18 00

J. V. W. VANDENBURGH.

a/c closed July 11, '74, by overdraft		1,261 20
To which should be added error in bringing forward balance July 11, 1872		50 50
Making actual overdraft, as shown by ledger prior to our examination of the a/c with the journals		1,311 70

Our examination exhibits the following to be the true condition of the a/c, as shown by deposit and draft journals:

Deposits, Dec. 19, '70, to July 11, '74		$420,070 04
Drafts, same period		425,288 60
Balance, overdraft		5,218 56
From which deduct overdraft, as exhibited by ledger, prior to examination		1,311 70
Leaving difference to be accounted for		3,906 86

Explanation of differences.

Account overcharged:

Sept. 2, 1871.	Error in draft		51 67
Apr. 12, "	Draft of J. E. Rankin		50 50
Oct. 22, 1872.	Draft charged twice		100
M'ch 1, 1873.	Draft Abbott Paving Co		2,900
	Offsets		38 66
			3,140 83

Overcredits:

Aug. 6, 1870.	Error in draft		20
Nov. 25, "	Deposit of W. L. Van Derlip	1,200	
Aug. 4, "	Error in draft		08
" 8, "	"	10	
" 16, "	"	10	
Nov. 3, "	"		83
Dec. 19, "	"		83
" " "	"	27	
Jan. 2, 1872.	"	10	
M'ch 30, "	"	100	
Sept., "	Draft omitted	100	
Dec., "	Error in draft	10	
Aug., "	Draft omitted	85	

June 18, 1872.	Erroneous offset	$141 67
" 19, "	Drafts omitted; erroneously charged to a/c Abbott Paving Co	502 50
" 21, "		406 50
" 29, "		33 07
July 30, "		381 58
" " "		347 60
Jan. 31, 1873.		200
Oct. 17, "	Drafts omitted; erroneously charged to a/c J. V. W. Vandenburgh & Co	427 50
" " "		250
" 23, "		26 72
" " "		231 28
Dec. 23, "		75
Dec. 24, 1873.		1,200
Dec. 24, 1873.		39 56
Jan. 23, 1874.		100
Jan. 23, 1874.		100
" " "		100
" " "		25 75
" 31, "		300
Feb. 3, "		85 17
" 10, "		6 80
" " "		80
M'ch 10, "		50
May 29, "		160
June 3, "		223 05
	Aggregate	7,047 69
	Less overcharges	3,140 83
	Difference, as stated above	3,906 86

J. V. W. VANDENBURGH AND CO.

This a/c appears closed on the ledger, but from our examination there is a balance to its credit of $3,505.83, which is explained as follows:

Overcharges.

Oct. 11, 1873.	Draft belonging to Abbot Paving Co	100.
" 17, "	Personal drafts of J. V. W. Vandenburgh, erroneously charged in this a/c	427 50
" 17, "		26 72
" 23, "		231 28
" " "		75
Dec. " "		1,200
" 24, "		39 56
Jan. 23, 1874.		100
" "		100
" "		100
" "		25 75
" 31, "		300
Feb. 3, "		85 17
" 10, "		6 80
" " "		80
Mch. 10, "		50
May 29, "		160
June 3, "		223 05
		3,580 83
Feb. 21, "	Less erroneous offset	75
	Difference	3,505 83

ABBOTT PAVEMENT COMPANY (J. V. W. VANDENBURG, TREASURER).

Ac. closed July 11, '74, by overd'ft $480

Its actual condition, as per examination of journals, is as follows:

Aggregate deposits, May 10, '72, to July 11, '74	$185,582 72
Aggregate drafts, including charge against the a/c as interest on overd'fts $231.06	187,248 90
Balance, overd'ft	1,666 18
Deduct overd'ft as per ledger	480
Difference in the a/c	1,186 18

Which is explained as follows:

Overcharges:

May 18, 1872,	Draft overcharged	$0 40	
June 19, "	Drafts belonging to the personal a/c of J. V. W. Vandenburgh, erroneously charged in this a/c-	502 50	
June 21, "		406 50	
June 29, "		33 07	
June 18, "		141 67	
July 30, "		381 58	
July 30, "		347 60	
July 31, 1873,		200	
April 4, "	Error in deposit	50	
	Correction of errors	51	
			$2,014 33

Overcredits:

March 1, 1873,	Draft omitted	2,900 00	
Apr. 4, "	Errors in drafts	50	
May 9, "		01	
June 16, "	Erroneous offset	200	
No date	Deposit not on journals	100	
			3,200 51
	Difference as above stated		$1,186 18

RECAPITULATION OF ACCOUNTS SUBJECT TO DRAFT OF J. V. W. VANDENBURGH.

	Condition of a/c as per ledger.		Condition as per examination.	
	Cr. balance.	Overdraft.	Cr. balance.	Overdraft.
J. V. W. Vandenburgh		1,261 20		5,218 56
J. V. W. Vandenburgh & Co		Closed	3,505 83	
Abbott Pavement Co		480		1,666 18
Error in a/c J. V. W. Vandenburgh as per face of ledger		50 50		
Aggregate overdrafts		$1,791 70		
			$3,505 83	6,884 74
Deduct Cr. balance				3,505 83
Aggregate overdrafts				3,378 91
Deduct overdrafts as per ledger				1,791 70
Difference between ledger and examination as explained.				$1,587 21

We are still pursuing the examination of the books of this branch, and hope to submit a full report at an early date.

Very respectfully,

JAS. N. FITZPATRICK.
JNO. C. HUNTER.

WASHINGTON, D. C., *January* 7, 1880.

Hon. B. K. BRUCE,
Chairman Select Committee on Freedman's Savings & Trust Co.:

DEAR SIR: In compliance with the instructions of the committee, under date of December 23, 1879, we submit herewith a statement showing errors in deposit accounts of the Washington Branch, which we have discovered since our last report.

In addition to these we have also examined a large number of accounts, which we find correct.

Very respectfully,

JAS. N. FITZPATRICK.
JNO. C. HUNTER.

ACCOUNT RICHARD W. TOMPKINS.

Errors in addition to those already reported.

Draft, Aug. 30, 1873, not on ledger	100	
" Sept. 4, " " " "	35	
" " 9, " " " "	9	
" " 11, " " " "	100	
Additional to overdraft		249 00

ACCOUNT OF F. G. BARBADOES.

Feb. 9, 1872. This ⅜ appears closed on ledger F, folio 106.

Our examination shows overdraft		386 85
Explained as follows:		
Sept. 6, '71. Draft charged on journal	$411 00	
" " " " posted ledger E, fol. 300	4 11	
Making an error of	$406 89	
Less, Nov. 3, '69. d'ft not found on journal	$2 00	
" Aug. 8, '70, " " " " "	2 00	
" Jan. 23, '71, " " " " "	16 00	
" error in addition	04	
	20 04	
Overdraft as above	$386 85	

ACCOUNT F. G. BARBADOES, TRUSTEE.

July 11, '74. Balance to credit of ⅜ per ledger F, folio 275	$272 07	
Our examination shows balance	270 07	
Overcredit		2 00
Explained as follows:		
Mar. 13, '73. Draft charged on journal	139 88	
" posted on ledger	137 88	
Difference	$2 00	

ACCOUNT JUAN BOYLE AND CO.

July 11, '74. Closed on ledger F, folio 268, by overdraft of	1 98	
Our examination shows overdraft	31 42	
Increase of overdraft		29 44
Explanation:		
Nov. 5, '70. Deposit on ledger E, folio 4, and not found on journal	50 00	
Folio 59, ledger D, error in addition of drafts	5 45	
" 4, ledger E, d'ft, Dec. 7, '70, not on journal	15 00	
" " ledger E, deposit, Aug. 7, '73, posted short	11	
	20 56	
Difference as above	$29 44	

ACCOUNT T. A. YOUNG, TRUSTEE.

Ledger D, folio 1076, this a/c appears closed.

Our examination shows overdraft		$200
Explanation:		
Jan. 20, 1872, ledger G, folio No. 1200, deposit on ledger not found on journal or deposit slips	20 00	
Jan. 20, '72, ledger G, folio No. 1200, draft posted	20 00	
Charged on journal	200 00	
Difference		180 00
Making overdraft of		$200 00

ACCOUNT PRINDLE AND DYER, NO. 4619.

Ledger F 2, folio No. 280; this account is closed.

Our examination shows overdraft of		15 00
Explanation:		
Ledger D, folio 107, balance of overdraft forwarded	639 19	
Should be	739 14	
Difference	99 95	
Ledger E, folio 24, July 1, '71, less for draft not found on journal	25 00	
	$74 95	
Add for undercharge, ledger G, fol. 1001	05	
	$75 00	
Less for d'ft charged, fol. 1001, ledger G, Feb. 28, '72, not on journal	60 00	
Making overdraft in this a/c	15 00	

ACCOUNT SAMUEL A. DUNCAN, NO. 11370.

Ledger G, folio 116, a/c closed.

We find overdraft of		7 00
Explanation:		
Ledger D, folio 454, May 14, '70, draft not found on journal	5 00	
" D, folio 454, April 7, '70, erroneous entry of correction of error not found	3 00	
" D, folio 92, Sept. 13, '70, draft charged, belonging to another a/c	7 00	
" D, folio 92, error in charging draft	5 00	
Making additional to credit of a/c	$20 00	
Erroneous credit, ledger D, fol. 92, June 24, 1871	27 00	
Making overdraft	$7 00	

ACCOUNT S. WILLARD SAXTON, NO. 2998.

We find overdraft in this a/c, ledger D, folio 15, of 219 30

This overdraft agrees with ledger showing. The amount, however, is not taken up among the overdrafts reported; the reason for not doing so is probably from a note of Mr. A. M. Sperry, the inspector, which we find on the a/c as follows: "I do not think this balance can be relied on. It is my opinion, after talking with Maj. S., that no overdraft exists.—S."

All the journal entries check and agree with the ledger entries, and the ledger shows the overdraft.

ACCOUNT WM. J. COOKE.

a/c overdrawn		25 00
Explanation:		
Draft Jan. 15, '74, omitted from ledger	$25 00	

ACCOUNT RUDOLPH LOBSIGER.

Ledger B, folio 156, credit balance appears of	$1 79	
Our examination shows overd'ft	78 21	
A total overdraft in ⅜c		$80 00
Explanation:		
Ledger G, p. 1276, draft Mch. 11, '72; draft of $100 posted as $10, making difference to debit of ⅜c of	$90 00	
Less draft erroneously charged ledger E, folio 154	10 00	
Making overdraft as above	$80 00	

ACCOUNT WILL T. KENT.

Ledger B, fol. 17, at end of ⅜c credit balance appears of	09	
Our examination shows overdraft	27 41	
Total overdraft in this ⅜c		27 50
Explanation:		
Ledger E, folio 17, Aug. 4, 1871, deposit credited erroneously, same belonging to ⅜c of W. L. Bramhall & Co	87 50	
Ledger E, folio 17, Sept. 4, '71, less draft erroneously charged, same belonging to ⅜c W. L. Bramhall & Co., and so posted	10 00	
	77 50	
Ledger G, folio 186, July 15, 1872, less draft erroneously charged	50 00	
Making overdraft in the ⅜c of	27 50	

ACCOUNT WM. L. BRAMHALL & CO.

Ledger B, fol. 103, shows credit balance to this account of	50 01	
Our examination shows overd'ft		27
Explanation:		
Ledger A, fol. 778, Feb. 24, '74, d'ft undercharged	50 00	
" A, fol. 778, Feb. 25, '74, deposit overcredited	26	
" E, fol. 15, error in footing	02	
	50 28	
Less erroneous bal. to credit	50 01	
Showing, in lieu of credit bal., an overd'ft of	27	

ACCOUNT R. M. WHIPPLE.

Ledger D, page 27, ⅜c overdrawn	543 96

This ⅜c stops on page 27, and no further trace of it can be found. It does not appear on any of the commissioners' books, and appears to have been overlooked entirely.

ACCOUNT REV. D. W. ANDERSON AND ELIZA JANE ANDERSON.

These accounts appear closed on ledger G.

Our examination shows overdraft	632 00

Explanation:

The ⅜c of Rev. D. W. Anderson, on folio 60, ledger D, shows a balance to his credit, on March 14, 1871, of $915.45. Our examination shows an error in this balance of $10, making correct balance on that date $905.45. This difference is explained as follows: Under date of April 28, '70, the balance was brought forward as $844.66, it should have been $894.66, a difference in favor of the depositor of $50. Under date of March 9, '71, a deposit is entered on the ledger of $60, for which no corresponding entry, either on the journal or deposit slips, can be found. Under date of January 1, 1873, this

$\frac{a}{6}$ was transferred to Eliza Jane Anderson. The balance to the credit of Rev. D. W. Anderson on this date was $1,679.18, and, instead of transferring this sum to the $\frac{a}{c}$ of Eliza Jane Anderson, the total amount of deposits was transferred, viz, $2,211.18, without deducting the drafts which had been made against it, and which amounted to $622. Sept. 23, 1873, a draft was drawn, amounting to $2,126.50, to close the account as it appeared on the ledger, but overdrawing it to the extent of $632.

ACCOUNT JAMES SCHOULER.

Ledger D, fol. 49, this $\frac{a}{c}$ is closed by charge to profit and loss of overdraft	$14 95	
Our examination shows $\frac{a}{c}$ overdrawn	99 11	
Making additional overdraft		$84 16

The only explanation which we can give to this, is that the errors consist in erroneous balances which we find all through this $\frac{a}{c}$, and one credit of $47.14 for which we find no deposit slip, or entry on journal.

ACCOUNT DANIEL WELCH & CO.

Ledger E, p. 151, this $\frac{a}{c}$ is closed by overdraft of	230 46	
Our examination shows overdraft	240 46	
Additional	$10 00	10 00

Explained by erroneous credit balance July 21, 1870; ledger D, folio 68.

ACCOUNT W. W. CURTIS.

Ledger D, folio 54, this account appears closed.	
Our examination shows an overdraft of	6 00
Which we find consists of an error in stating balance, Sept. 14, '70.	
Total	$2,517 48
Overdrafts and differences stated in our report of December 5, 1879	6,875 19
Total of unexplained difference thus far discovered	9,326 67

APPENDIX.

ACT OF JUNE 20, 1874.

AN ACT amending the charter of the Freedman's Savings and Trust Company, and for other purposes.

[Chap. 349.]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the act of Congress approved March third, eighteen hundred and sixty-five, entitled "An act to incorporate the Freedman's Savings and Trust Company," be, and the same is hereby, so amended that hereafter it shall be the duty of the trustees and officers of said company to make loans, to the extent of one-half the deposits by them received, upon bonds or notes secured by first mortgages or deeds of trust upon unencumbered real estate, situate in the vicinity of the agency or branch of said company from which such deposits are received, worth, upon cash appraisement, at least double the amount of money loaned thereon. And the borrower shall at his own expense, or the bank shall at the expense of the borrower, keep the buildings upon said property insured in some good and solvent company, to the amount of one-half of their cash value, for the benefit of the Freedman's Savings and Trust Company. The other half they shall invest in United States bonds, or keep on deposit in some national bank such sums as may be necessary to meet current payments.

SEC. 2. That it shall be the duty of said trustees and officers of said company to collect, as speedily as may be done without prejudice to the interests of the depositors, all sums of money by them loaned upon real estate outside of the States from which received; and when collected, and as the same may be collected, they shall loan such funds as directed in the first section of this act.

SEC. 3. That when it shall appear that the interests of the depositors may require it, it shall be lawful for the trustees of the corporation, by and with the advice and consent of the Secretary of the Treasury, at any time to close any of the agencies or branches of the corporation paying to the depositors of such agencies or branches a pro rata amount of the principal and interest which may be due them, and also a ratable proportion of any surplus which may have accumulated under the provisions of section eight of this act. And whenever it may be deemed advisable, or when so ordered by Congress, the general business and affairs of the corporation shall, in like manner, be closed up by the trustees of the corporation, as provided for in section seven herein.

SEC. 4. That said trustees and officers of said company shall not loan to any person or company at any one time more than ten thousand dollars of the funds of said trust company.

SEC. 5. That every officer, clerk, or agent of the company who shall embezzle, abstract, or wilfully misapply any of the money, funds, or credits of the company, or shall, without authority of the trustees or proper officers of the company, issue or put forth any pass-book, certifi-

cate of deposit, or other evidence of indebtedness, draw any order, bill of exchange, make any acceptance, assign any note, bond, draft, bill of exchange, mortgage, or confess any judgment or decree whereby said company may be charged with any liability, or be deprived of any of its assets, or shall make any false entry in any book, report, or statement of the company, or wilfully deceive any officer of the company, or any agent appointed to examine the affairs or condition of the company, shall be deemed guilty of a misdemeanor, and upon conviction thereof, shall be punished by imprisonment for a period not exceeding five years.

SEC. 6. That hereafter the officers or agents of said trust company shall not pay interest on the deposits exceeding five per centum.

SEC. 7. That whenever it shall be deemed advisable by the trustees of said corporation to close up its entire business, then they shall select three competent men, not connected with the previous management of the institution and approved by the Secretary of the Treasury, to be known and styled commissioners, whose duty it shall be to take charge of all the property and effects of said Freedman's Savings and Trust Company, close up the principal and subordinate branches, collect from the branches all the deposits they have on hand, and proceed to collect all sums due said company, and dispose of all the property owned by said company, as speedily as the interests of the corporation require, and to distribute the proceeds among the creditors pro rata, according to their respective amounts; they shall make a pro rata dividend whenever they have funds enough to pay twenty per centum of the claims of depositors. Said commissioners, before they proceed to act, shall execute a joint bond to the United States, with good sureties, in the penal sum of one hundred thousand dollars, conditioned for the faithful discharge of their duties as commissioners aforesaid, and shall take an oath to faithfully and honestly perform their duties as such, which bonds shall be executed in presence of the Secretary of the Treasury, be approved by him, and by him safely kept; and whenever said trustees shall file with the Secretary of the Treasury a certified copy of the order appointing said commissioners, and they shall have executed the bonds and taken the oath aforesaid, then said commissioners shall be invested with the legal title to all of said property of said company, for the purposes of this act, and shall have full power and authority to sell the same, and make deeds of conveyance to any and all of the real estate sold by them to the purchasers. Said commissioners may employ such agents as are necessary to assist them in closing up said company, and pay them a reasonable compensation for their services out of the funds of said company; and the said commissioners shall retain out of said funds a reasonable compensation for their trouble, to be fixed by the Secretary of the Treasury and the Comptroller of the Currency and not exceeding three thousand dollars each per annum. Said commissioners shall deposit all sums collected by them in the Treasury of the United States until they make a pro rata distribution of the same.

SEC. 8. That from and after the passage of this act and until the first day of July, eighteen hundred and seventy-five, all the deposits made in said Trust Company shall be held by the trustees of said company as special deposits, and any investments made of said deposits shall be made and held for the use and benefit of said depositors only; and it shall be the duty of said trustees on or before the first day of July, eighteen hundred and seventy-five, to make a full and complete statement of all the assets and liabilities of said company and lay the same before the Secretary of the Treasury, and if said Secretary and the trustees shall

at that time after investigating the condition of said company believe the same to be solvent then the trustees and said Secretary shall issue an order declaring that thereafter all deposits shall be general; but said order shall in nowise effect the special deposits, unless said depositors shall in writing consent that said special deposits shall become general deposits. But if the Secretary and trustees of said company shall on the first day July, eighteen hundred and seventy-five, after the examination aforesaid doubt the propriety of making the deposits thereafter general then the deposits made shall still be special until the first day of July, eighteen hundred and seventy-six, or until the said Secretary and trustees deem it prudent to make said deposits general.

Approved, June 20, 1874.

BILL NO. 1.

[S. 1830. 45th Congress, 3d session.]

FEBRUARY 18, 1879.—Mr. Bayard, from the Committee on Finance, reported the following bill; which was read the first and second times by unanimous consent:

A BILL amending the charter of the Freedman's Savings and Trust Company, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That so much of the seventh section of the act entitled "An act amending the charter of the Freedman's Savings and Trust Company, and for other purposes," approved June twentieth, eighteen hundred and seventy-four, as authorizes the selection and appointment of three commissioners, be, and the same is hereby, repealed.

SEC. 2. That the Secretary of the Treasury is hereby authorized and directed (a majority of the board of trustees of said company approving), to appoint the Comptroller of the Currency a commissioner, who shall execute a bond to the United States, with good sureties, in the penal sum of twenty thousand dollars, conditioned for the faithful discharge of his duties as commissioner aforesaid, and take an oath faithfully to perform his duties; which bond shall be executed in the presence of said Secretary, and approved by him, and by him safely kept; and when said bond shall have been executed, and oath taken, then said commissioner shall be invested with the possession and legal title to all the property of said company for the purposes of this act, and the said act of June twentieth, eighteen hundred and seventy-four, and shall have all the rights, prerogatives, and privileges, and perform all the duties, that were conferred and enjoined upon the three commissioners mentioned in said act of June twentieth, eighteen hundred and seventy-four: *Provided*, That nothing contained in this act shall in any way impede or delay any case or cases instituted in any court by or against the commissioners appointed under the provisions of the act to which this act is amendatory; but every such case shall upon suggestion of the appointment of the Comptroller aforesaid and due entry of the change on the dockets of the respective courts in which they may be pending, be proceeded with in the same manner as if such change had not been made.

SEC. 3. That said commissioner, with the approval of the Secretary

of the Treasury, shall have the right and authority to compound and compromise debts due to and liabilities of the company.

SEC. 4. That said commissioner, with the approval of the Secretary of the Treasury, shall have the right and authority to sell any of the real and personal property of said company, at public or private sale, as, in his judgment, he may deem best; and to buy in, for the benefit of the company, any property which may be offered for sale to pay debts and liabilities to said company, if, in his judgment, said property is being sacrificed by said sale; and to make to the purchasers of property sold by him deeds of conveyance for their respective purchases.

SEC. 5. That said commissioner shall, by the tenth day of each annual session of Congress, make a written report to Congress of his proceedings up to the first day of said session; and, for his services as commissioner aforesaid, he shall, in addition to his present salary as Comptroller, receive an annual salary of one thousand dollars, to be paid out of the funds of said institution.

SEC. 8. That said commissioner shall make payments to those depositors only whose pass-books have been properly verified and balanced, unless said pass-books have been lost or destroyed; then, upon satisfactory proof of such loss or destruction, and the amount due them, he may pay as though they had pass-books; but all claims founded on pass-books or otherwise, not presented to said commissioner for examination and audit, within ——— months from and after the passage of this act, as well as all dividends declared upon audited accounts not called for within ——— years from the date of their declaration, shall be barred, and their amounts shall inure to the benefit of the other depositors of the company.

SEC. 9. That said commissioner is hereby authorized and directed to employ some competent attorney-at-law to investigate the manner in which said company has been managed by its trustees and others having control of the same; and if, in the judgment of said attorney, the affairs of said company have been mismanaged or managed fraudulently and corruptly, then said commissioner shall cause such civil and criminal proceedings to be instituted in the courts against those participating in said mismanagement or fraudulent and corrupt management as he shall deem right and proper to attain the ends of justice. He shall pay fees and costs of suits out of the funds in his hands as commissioner aforesaid: *Provided*, That the aggregate amount to be paid to attorneys shall not exceed five thousand dollars for any one year.

SEC. 10. That if from any cause there shall be any considerable delay in making a dividend to the depositors, then said commissioner shall, under the direction of the Secretary of the Treasury, invest the funds on hand in United States bonds, until such time as he may be prepared to make a dividend, as directed under the act of June twentieth, eighteen hundred and seventy-four.

SEC. 11. That the Secretary of the Treasury be, and he is hereby, authorized and directed to purchase for the use of the United States all those lots and parcels of ground, with the buildings and improvements thereon, situated in the city of Washington, District of Columbia, on Pennsylvania avenue, between Fifteenth and Fifteenth-and-a-half streets, and belonging to the Freedman's Savings and Trust Company, at a sum not exceeding two hundred and fifty thousand dollars, to be paid, and by him placed to the credit of the commissioners of the said Freedman's Savings and Trust Company on the books of the Treasurer of the United States, for distribution among its creditors, out of any money in the Treasury not otherwise appropriated, upon proof of a perfect title and the execution

to the United States of a deed good and sufficient in law, and in form approved by the Attorney-General; and said sum, or so much thereof as may be necessary, is hereby appropriated for that purpose.

SEC. 12. The further sum of five thousand dollars, or so much thereof as may be necessary, is hereby appropriated, out of any money in the Treasury not otherwise appropriated, for the purpose of fitting up the rooms upon the first floor of the fire-proof building upon said premises known as the Freedman's Bank Building, under the direction of the Supervising Architect of the Capitol, for the use of the Court of Claims, and the removal of it and its records and papers thereto.

BILL No. 2.

A BILL amending the charter of the Freedman's Savings and Trust Company, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury be, and he is hereby, authorized and directed to purchase for the use of the United States all those lots and parcels of ground, with the buildings and improvements thereon, situated in the city of Washington, District of Columbia, on Pennsylvania avenue, between Fifteenth and Fifteenth and a half streets, and belonging to the Freedman's Savings and Trust Company, at a sum not exceeding two hundred and fifty thousand dollars, to be paid, and by him placed to the credit of the commissioners of the said Freedman's Savings and Trust Company on the books of the Treasurer of the United States, for distribution among its creditors, out of any money in the Treasury not otherwise appropriated, upon proof of a perfect title and the execution to the United States of a deed good and sufficient in law, and in form approved by the Attorney-General; and said sum, or so much thereof as may be necessary, is hereby appropriated for that purpose.

SEC. 2. The further sum of five thousand dollars, or so much thereof as may be necessary, is hereby appropriated, out of any money in the Treasury not otherwise appropriated, for the purpose of fitting up the rooms upon the first floor of the fire-proof building upon said premises known as the Freedman's Bank building, under the direction of the Supervising Architect of the Capitol, for the use of the Court of Claims, and the removal of it and its records and papers thereto.

SEC. 3. That the said commissioners of the Freedman's Savings and Trust Company, with the approval of the Secretary of the Treasury, shall have the right and authority to compound and compromise all debts due to and liabilities of the company; and that said commissioners, within six months from the passage of this act, shall, so far as may be in their power, sell and dispose of to the best advantage, all the property and assets of said company, remaining in their hands, or which may hereafter be acquired by them, and shall declare a further dividend among the creditors of said company who have heretofore presented the pass-books or other evidences of indebtedness on which their claims are respectively founded, or who may present said pass-books or evidences of indebtedness before the end of the said six months, and in said further dividend the said commissioners shall include the balances of former dividends not duly claimed before the expiration of five months from the passage of this act; and upon the expiration of the said six months, the

said commissioners shall immediately deliver all moneys, property, books, vouchers and assets then in their possession, or standing to their credit in the Treasury of the United States, to the Comptroller of the Currency of the United States, who shall proceed to pay said dividend with as little delay as possible; and after the delivery aforesaid, the said commissioners shall be relieved from any and all responsibility for the future conduct and management of the affairs of said company.

SEC. 4. That immediately upon the expiration of said six months, the Secretary of the Treasury shall appoint the Comptroller of the Currency a commissioner, who shall execute a bond to the United States, with good sureties, in the penal sum of twenty thousand dollars, conditioned for the faithful discharge of his duties as commissioner aforesaid, and take an oath faithfully to perform his duties; which bond shall be executed in the presence of said Secretary, and approved by him, and by him safely kept; and when said bond shall have been executed, and oath taken, then said commissioner shall be invested with the possession and legal title to all the property of said company for the purposes of this act, and the said act of June twentieth, eighteen hundred and seventy-four, and shall have all the rights, prerogatives, and privileges, and perform all the duties, that were conferred and enjoined upon the three commissioners mentioned in said act of June twentieth, eighteen hundred and seventy-four: *Provided*, That nothing contained in this act shall in any way impede or delay any case or cases instituted in any court by or against the commissioners appointed under the provisions of the act to which this act is amendatory; but every such case shall, upon suggestion of the appointment of the Comptroller aforesaid, and due entry of the change on the dockets of the respective courts in which they may be pending, be proceeded with in the same manner as if such change had not been made.

COMMUNICATION No. 1.

OFFICE OF THE COMMISSIONERS OF THE
FREEDMAN'S SAVINGS AND TRUST COMPANY,
Washington, D. C., April 24, 1879.

SIR: Having been informed that you desired to meet the commissioners of the Freedman's Savings and Trust Company to-morrow (Friday) morning between the hours of eleven and twelve o'clock, I regret exceedingly that the trial of a cause in which the Freedman's Savings and Trust Company is the party plaintiff, and which is now taking place in the circuit court of the District of Columbia, prevents my meeting you at that time. If present, it was my intention to suggest to you, above all things, to urge upon Congress the passage of a bill providing for a more economic and speedy settlement of the affairs of this company, by allowing the present commissioners to resign or withdraw, and transferring the remaining assets of the company to one of the government departments, to be collected and disposed of either at government expense or at least at a much more moderate expenditure.

The present expenses of the commissioners exceed the sum of $20,000 per annum, and absorb very nearly, if not their entire current receipts.

It is my judgment that the same object can be attained by an expenditure of about one-third, certainly not more than one-half, that amount; and as a measure looking to the reduction of the expenditures is clearly to the interest of the poor creditors of the bank, I venture to recommend the one hereinbefore suggested.

This accomplished, and the sale to the government of the bank building and adjacent property effected, the speedy settlement of the affairs of the company is assured.

I have the honor to be, very respectfully, your obedient servant,

R. H. T. LEIPOLD,
Of the Commissioners.

Hon. B. K. BRUCE,
Chairman Senate Committee
Freedman's Savings and Trust Company.

COMMUNICATION No. 2.

OFFICE OF THE COMMISSIONERS OF THE
FREEDMAN'S SAVINGS AND TRUST COMPANY,
Washington, D. C., May 19, 1879.

SIR: In reply to your favor of the 12th instant we have the honor to inclose herewith an abstract of the accounts of the commissioners Freedman's Savings and Trust Company, with accompanying statements.

For the further information of the committee we also inclose copies of letters addressed by us to the Hon. S. J. Randall, under date of December 2, 1878, and Hon. John Sherman, under date of December 11, 1878.

We have the honor to be, very respectfully, your obedient servants,

JNO. A. J. CRESWELL,
ROBT. PURVIS,
R. H. T. LEIPOLD,
Commissioners F. S. & T. Co.

GEORGE W. CARTER, Esq.,
Clerk Senate Committee
on Freedman's Savings and Trust Company.

COMMUNICATION No. 3.

OFFICE OF THE COMMISSIONERS OF THE
FREEDMAN'S SAVINGS AND TRUST COMPANY,
Washington, D. C., December 2, 1878.

SIR: Desiring to hasten as far as possible the final settlement of the affairs of the Freedman's Savings and Trust Company, the undersigned have concluded to offer at public auction, commencing on the morning of the 18th instant, all the unencumbered real estate vested in them as commissioners of the Freedman's Savings and Trust Company, for the benefit of the creditors of said company, and which is enumerated in the inclosed catalogue,* excepting only the banking-houses and adjacent properties in this city and in Jacksonville, Fla., and certain other properties at Nashville, Tenn., Vicksburg, Miss., Norfolk, Va., and Atlanta, Ga., not mentioned in said catalogue.

Everything has been done by extended advertisement, posting of placards throughout the city, and other means to call the attention of the public to this sale, and no effort shall be spared to realize the best possible prices for the properties offered.

The advisability and propriety of the purchase by the government,

* See Schedule D, this appendix.

for public use, of the banking-houses and adjacent properties in this city and in Jacksonville, Fla., have been repeatedly brought to the attention of Congress, and various bills have been introduced in both houses to accomplish this purpose. Twice has the subject been in conference between the houses, but for some reason unknown to us the proposition has been excluded at the last moment.

The suitableness and adaptability of these properties for the purpose indicated have been so fully commented on in our reports of December 14, 1874, H. R. Miss. Doc. No. 16, 43d Cong., 2d session; January 10, 1876, Senate Miss. Doc. No. 36, 44th Cong., 1st session; March 19, 1878, addressed to Hon. S. J. Randall, Speaker of the House of Representatives, and in numerous communications to chairmen of various committees of both houses, that we shall not repeat what has already been said, but content ourselves with a simple reference thereto. We desire, however, to call your attention, and through you the attention of the House of Representatives, to the bill H. R. 1747, introduced by the Hon. Mr. Chalmers, of Mississippi, and now pending in the House, entitled "A bill authorizing the Secretary of the Treasury to purchase certain properties of the Freedman's Bank situated in Washington, D. C., and in Jacksonville, Fla., for the use of the United States, and for other purposes;" also to Senate bill No. 557, "Directing the Secretary of the Treasury to purchase certain property of the Freedman's Savings and Trust Company for the use of the United States, and for other purposes," which passed the Senate almost unanimously at its last session, and is now pending before the House, having for their object the purchase of the properties referred to, and to again urge speedy and favorable action thereon. Our inability to dispose of these properties constitutes one of the main hinderances to the speedy settlement of the company's affairs.

The purchase of these properties by the government at a fair price, with the funds on hand and the cash expected to be realized from the proposed public sale of the other unencumbered real estate of the company, would put the commissioners in funds to declare and pay a further dividend to its creditors during the present season, thereby relieving much distress and suffering.

The attention of Congress is also again called to the propriety of providing by law for the payment by the United States of a reasonable, say 5 per cent., interest on the average deposit balances of the commissioners in the Treasury of the United States.

Had the commissioners been allowed to invest their collections in United States bonds, the interest thereon would have paid a large share of the expenses of the commission without diminishing the security, and there is no good reason why the government should have the use of these funds without a fair and reasonable allowance on account of interest.

So, too, should provision be made authorizing the commissioners after the lapse of a reasonable time to disburse among the other creditors of the company the uncalled-for balances of the dividends already declared. Over three years have passed since the first dividend was declared, and $46,612.01 still remain uncalled for, and of the second dividend, declared March 20, 1878, the sum of $47,508.44 remains uncalled for.

The unencumbered real estate of the company disposed of, and the proceeds distributed, it is the judgment of the commissioners that some more simple and economical plan for the final settlement of the company's affairs might perhaps be substituted and the commissioners relieved.

Without suggesting any specific plan ourselves, we recommend that this matter be made the subject of inquiry and consideration.

We have recovered a large number of judgments (see Schedule A annexed), which it would be difficult to dispose of at present at any price, while in time they may be made to produce considerable, and the lawsuits still pending in the different courts of the District of Columbia, in the courts of various States, and in the Supreme Court of the United States, involving, as they do, large sums and valuable properties (see Schedule B), should be prosecuted to final judgment or decree. But these results may and should be attained, and the balance due on the few notes paid in installments and those not yet matured (see Schedule C) should be collected at comparatively small expense to the creditors of the company.

Before, however, the commissioners are relieved, it is suggested that provision be made for a thorough examination and audit of their accounts.

Our receipts and expenditures since our last report are as follows:

Cash balance January 1, 1878	$377,293 81
Receipts to November 30, 1878	157,447 53
	534,741 34
Disbursements to November 30, 1878	302,303 31
Balance November 30, 1878	232,438 03

Of which sum there is due and uncalled for—

On account of first dividend	$46,612 01
On account of second dividend	47,508 44

And there is involved in litigation and temporarily unavailable $76,206.48, leaving available for next dividend the sum of $62,111.10.

We have the honor to be, very respectfully, your obedient servants,

JNO. A. J. CRESWELL,
ROBT. PURVIS,
R. H. T. LEIPOLD,
Commissioners.

Hon. S. J. RANDALL,
Speaker House Representatives.

COMMUNICATION No. 4.

OFFICE OF THE COMMISSIONERS OF THE
FREEDMAN'S SAVINGS AND TRUST COMPANY,
Washington, D. C., December 11, 1878.

SIR: We have the honor to acknowledge the receipt, by reference, of a copy of the resolution of the Senate of the 5th inst., with your request to furnish the Treasury Department with such information in connection with said resolution as may be in our possession, and in reply thereto we have the honor to report that, according to our books, the balances to our credit in the Treasury of the United States subject to check at the close of each year since our appointment as commissioners were as follows:

December 31, 1874	$143,526 60
December 31, 1875	156,867 34
December 30, 1876	253,479 08
December 31, 1877	376,893 30
November 30, 1878	230,826 36

No interest has ever been allowed us by the United States on these balances, although the propriety of such allowance, or of investment of said funds in United States bonds, has by us been frequently urged upon Congress and once upon the department (see our letter to the Hon. B. H. Bristow, Secretary of the Treasury, of April 23, 1875). Should Con-

gress, however, now decide to make provision for a reasonable interest, we should suggest that our average *monthly* balances in the Treasury would furnish a more equitable and just basis of computation than the annual balances, inasmuch as said balances for several months preceding the declaration of each dividend were greatly in excess of those at other times. Thus, while our balance of $143,526.60 of December 31, 1874, increased rapidly until it reached the sum of $578,033.12, November 1, 1875, the date of the commencement of payment of our first dividend, it was reduced by December 31, 1875, to $156,867.34; and our balance of $390,490.55, on March 20, 1878, the day of commencement of payment of our second dividend, was reduced by November 30, 1878, to $230,826.36.

A statement of the annual expenses attending the appointment of the commission and its management of the business of the Freedman's Savings and Trust Company is herewith inclosed, numbered I.

In explanation of this statement it is proper to remark that the payment of the large sums to agents is due to the existence of the numerous branches in all parts of the country at the time of the failure of the company, the vast amount of labor involved in the examination of the records of said branches, and the ascertainment of the correct amount of liabilities, and the difficulties encountered in their closing; that a very considerable portion of the expenditures incident to loans was subsequently reimbursed to us, and are included in the aggregate cash receipts hereinafter referred to, and that the rents, some $122,597.21, collected from the properties vested in us, constitute a legitimate set-off to the expenditures incident to their maintenance.

The assets transferred to us by the officers of the company at the time of its failure amounted nominally to $2,693,095.20, and as the result of their management we have the honor to report:

Cash collections to November 30, 1878	$1,419,975	79
Received from dividends and applied in payment of liabilities	417	67
	1,420,393	46
Judgments exclusive of interest and costs (see Schedule A inclosed)	172,606	24
Lawsuits pending in the different courts of the District of Columbia, the courts of various States, and the Supreme Court of the United States (Schedule B), involving a variety of securities, and amounting to	537,727	29
Notes in process of collection and not yet matured (see Schedule C)	49,766	67

In addition to this we have as the product of a portion of the assets transferred to us the properties enumerated in the inclosed catalogue advertised to be sold at public auction on the 18th instant, and certain other real estate at Nashville, Tenn., Vicksburg, Miss., Norfolk, Va., and Atlanta, Ga.

The liabilities of the company at the time of failure, as far as ascertained, amount to	$3,039,659	82
Of this sum we have paid from the cash collected by us, on account of special deposits under the act of June 20, 1874, and other preferred claims	73,463	29
Leaving subject to dividends, claims amounting to	2,966,196	53
divided among 33 branches, and payable to 61,172 depositors and other creditors.		
We have declared two dividends, one of 20 per cent., November 1, 1875, amounting to	$593,239	30
And one of 10 per cent., March 20, 1878, amounting to	296,619	65
	889,858	95
And our cash balance on the 30th ultimo, exclusive of the uncalled-for dividends, was	$138,317	58

Of the first dividend the sum of $546,627.29 has been paid, leaving uncalled for $46,612.01, due and payable to 33,561 depositors; and of the second dividend the sum of $249,111.21 has been paid, leaving uncalled for $47,508.44, due and payable to 39,882 depositors.

Provision should be made by law for the distribution among the other creditors of the company, after the lapse of a reasonable time, of the uncalled for balances of said dividends. Though aggregating large sums, it will be seen by the number of accounts they represent that the average amount due each depositor is very small.

The properties which we consider it advantageous to the government to possess, and which are peculiarly adapted to government use, and already partially occupied by it, are the company's banking houses and adjacent properties in this city and in Jacksonville, Fla. The former has been thoroughly examined by the officers of the Treasury Department, and is fully described in a letter of the acting supervising architect to the Hon. B. H. Bristow, Secretary of the Treasury, under date of March 29, 1876, and again in the letter of the supervising architect to the Hon. Lot M. Morrill, Secretary of the Treasury, addressed to the Hon. B. B. Douglas, chairman Select Committee of the Freedman's Bank, House of Representatives, under date of February 17, 1877. Of the Jacksonville property, Mr. James H. Paine, president of the Florida Savings Bank, sends us the following description:

The building is thoroughly constructed of good quality of brick; three stories, mansard roof, an excellent brick foundation five or six feet below street level. Frontage of sixty feet on Pine street, one of the main thoroughfares of the city, and the only paved avenue here, running through the center of the city. The building also fronts sixty feet on Forsyth street, the next street parallel to Bay street (the principal business street); the lot has a frontage of 105 feet on each street, leaving ample room for the erection of two buildings on Pine street. The building is divided as follows:

On the first floor a large banking office, handsomely fitted up, with a splended fire-proof vault laid in solid granite, which alone cost about $5,000. Two stores, 18 by 60 feet, well lighted and arranged, and one office room.

On the second floor are seven offices, all well lighted and arranged; and the third floor is occupied by the large public opera hall, fitted up in modern style, and well designed for public meetings, concerts, &c.

The building, located in the business center of the city, presents a fine appearance, and is generally in good order throughout, needing only a small outlay to put it in perfect order. It is especially adapted for use as a public building, and has been generally suggested as admirably adapted for the post-office, custom-house, and United States courts. Also, as a county court house, for which purpose a majority of our leading citizens have favored its purchase.

Our price for this property is $35,000.

Two bills are now pending before the House of Representatives having for their object, one (Senate bill No. 557) the purchase of the banking house and adjacent property in this city, at and for the sum of $275,000, and the other (H. R. No. 174) the purchase of both properties, the former at not more than $325,000, and the latter at not more than $40,000.

We trust that Congress may be induced to provide for the purchase of both these properties during the present session. Our inability to dispose of them constitutes one of the main hinderances to the speedy settlement of the company's affairs.

The sale of these properties provided for, and the additional legislation already indicated, supplemented by authority to compound and compro-

mise debts and to recognize assignments under proper restrictions, the final closing up of the company ought to be successfully consummated.

As the retirement of the present commissioners and the transfer of the remaining assets of the concern for final disposition may be accomplished in various ways, which will readily suggest themselves to you, we refrain to name them.

Very respectfully, your obedient servants,

JNO. A. J. CRESWELL,
ROB'T PURVIS,
R. H. T. LEIPOLD,
Commissioners.

Hon. JOHN SHERMAN,
Secretary of the Treasury.

SCHEDULE A 1.

Abstract of accounts of the commissioners of the Freedman's Savings and Trust Company.

Total amount of liabilities, as far as ascertained, to May 10, 1879		$3,037,453 40
Total amount of assets transferred to the commissioners July 11, 1874	$2,693,095 20	
Total amount of overdrafts July 11, 1874	63,974 37	
		2,757,069 57
Cash receipts to May 10, 1879		1,480,269 58
Cash disbursements to May 10, 1879, account of expenses, &c. (see Schedule E and F)	335,904 77	
Account of special deposits and preferred claims	73,222 38	
Account of special deposit checks in vault	240 91	
Account of dividends (see Schedule G)	799,979 28	
		1,209,347 34
Cash balance May 10, 1879 (see Schedule H)		270,922 24

OTHER ASSETS ON HAND.

Notes in process of collection and not yet matured. See Schedule A.
Lawsuits. See Schedule B.
Judgments. See Schedule C.
Real estate. See Schedule D.

Total amount of liabilities		$3,037,453 40
Preferred claims and special deposits paid		73,463 29
Liabilities subject to dividends		2,963,990 11
Dividend of 20 per cent	$592,798 02	
Amount paid	547,683 04	
		45,114 98
Dividend of 10 per cent	296,399 01	
Amount paid	252,296 24	
		44,102 77
Uncalled for		89,217 75
Cash balance	270,922 24	
Uncalled for dividends	89,217 55	
Net cash balance	181,704 69	
Vandenburgh & Co		76,260 24
John A. J. Creswell, trustee		517 50
Enoch Totten, trustee		4,416 22
General cash balance		100,510 53
		181,704 49

SCHEDULE A.

Schedule of notes in process of collection, May 10, 1879.

Name.	Balances, exclusive of interest.	Remarks.
John Harris	$84 62	Overdue.
N. H. Barlow	191 73	Overdue.
William Channing	9 00	Overdue.
Willis Herndon	22 56	Overdue.
William Fry	152 85	Overdue.
Henry Gwin	1 94	Overdue.
Samuel P. Gaines	35 86	Overdue.
Fifth Baptist Church	10,800 00	Overdue.
A. Langdon	7,411 07	Overdue.
Richard Norris	516 46	Overdue.
Selina M. Willett	2,000 00	Part overdue.
S. C. Schermerhorn	275 00	Overdue.
Mack McKenzie	47 20	Overdue.
Ann C. Thomas	56 30	Overdue.
Jos. Johnson	114 00	Overdue.
Henry Smith *et al*	239 34	Overdue.
L. Deane	156 22	Overdue.
C. A. Lemore	120 85	Overdue.
D. M. Nesbit	2,005 40	Overdue.
Armstead Walker	36 66	Overdue.
James E. Dexter *et al*	73 52	Overdue.
J. T. McAnally	136 15	Overdue.
John Hogan	594 45	Overdue.
St. John's Chapel, Norfolk, Va	1,077 31	Overdue.
Albert Bouldin	123 70	Overdue.
George W. Smith	6 57	Overdue.
M. Pollitzer, Beaufort, S. C	2,000 00	Overdue.
Toby Watson, Beaufort, S. C	70 00	Overdue.
S. S. Gardner	450 00	Part overdue.
Ortway Nicholas	165 00	Overdue.
W. H. Gunnison	355 00	Overdraft.
Edward S. Fowler	3,072 12	Overdue.
William P. Wood	2,500 00	Overdue.

Schedule of notes not yet matured, May 10, 1879.

Name.	Balances, exclusive of interest.	Remarks.
Samuel F. Shreve	$299 40	Due June 4, 1879.
William T. Okie	338 00	Due January 4, 1880.
Henry Mason	640 00	Due in 1 to 21 months.
A. P. and C. H. White	416 66	Due August 29, 1879 and 1880.
C. F. Willett	333 57	Due September 23, 1879 and 1880.
M. R. Mitchell	400 00	Due August 8, 1879 and 1880.
W. F. Eaton	422 90	Due September 26, 1879 and 1880.
John H. Martin	300 00	Due in 6 quarterly notes.
Alice F. Odell	8,000 00	Due September 18, 1879 and 1880.
William T. Okie	511 32	Due in monthly installments.
H. Harding *et al.*, Nashville, Tenn	1,500 00	Due in May and November, 1879, and May, 1880.
Robert H. Spindle	1,000 00	Due December 5, 1879.
Jos. W. Arnold	1,733 34	Due January 3, 1880 and 1881.
Frank Brown	267 50	Due January 3, 1880 and 1881.
Agnes Messer	926 66	Due January 3, 1880 and 1881.
John Pestell	1,200 00	Due January 3, 1880 and 1881.
James Bennett	370 00	Due January 3, 1880 and 1881.
J. E. Snodgrass	608 33	Due January 3, 1880 and 1881.
Sue B. Ker	900 00	Due January 3, 1880 and 1881.
Anna M. Black	533 56	Due January 3, 1880 and 1881.
Maria Adamson	100 00	Due January 3, 1880 and 1881.
J. E. Snodgrass	121 21	Due January 5, 1880.
John R. Young	166 67	Due July 28, 1879, and February 28, 1880.
James A. Macanally	600 00	Due October 3, 1879, and April 3, 1880.
Jacob C. Miller	1,253 30	Due April 4, 1880 and 1881.
Mary E. Wheeler	600 00	Due April 7, 1880 and 1881.
Peter Wittstall	240 00	Due April 4, 1881 and 1881.
P. H. Christman	2,000 00	Due April 14, 1880 and 1881.
G. W. Washington	50 00	Due October 11, 1879, and April 11, 1880.
F. T. Browning	466 66	Due April 4, 1880 and 1881.
William H. Barnard	100 00	Due August 16, 1879.
A. H. Herr	2,775 00	Due May 29, 1879 and 1880.
Anthony Fox *et al*	233 00	Due in 9 quarterly notes.
Isaac Cross	66 66	Due April 4, 1880 and 1881.
Nancy Richards	210 00	Due April 4, 1880 and 1881.
William W. Cowling	140 00	Due April 4, 1880 and 1881.
John Kilmon	55 00	Due April 4, 1880 and 1881.
John A. Moss	175 00	Due in monthly installments.

SCHEDULE B.

Suits still pending.

Name of debtor.	In what court.	Claim.	Report No.	Security.	Nature of suit.
Robert P. Dodge	Supreme court District of Columbia	$13,449 18	28	Sundry properties	Security sold; proceeds turned over to commissioners May 7, 1879; judgment for balance.
S. P. Brown	United States Supreme Court	8,537 30	54	Property at Mount Pleasant	Involving the question of priority of liens.
William Prater	Equity court District of Columbia	243 92	61	Lot at Barry Farm	Bill filed to correct title.
Frederick P. Stanton	Courts of Maryland	3,457 00	156	Farm, Montgomery County, Md.	Foreclosure suit.
William Bowen	Equity court District of Columbia	5,371 65	360; 1,355	House and lot, Third and G sts., N. W.	Decree for specific sum, and sale of property.
Juan Boyle	Courts of Maryland	950 00	689	Lands in Montgomery County, Md.	Foreclosure suit.
Joseph Brooks	Equity court District of Columbia	250 00	532	Lot at Barry Farm	Substitution of trustee; trustee appointed.
Caroline Kaiser	Supreme Court United States	17,504 25	588; 1,254	Three brick houses, Tenth street, N. W.	Foreclosure suit.
Lexington Branch	Courts of Kentucky	4,242 82	601½	Church property	Do.
F. W. Osborne	Courts of Florida	3,195 80	701	Land near Pensacola, Fla	Do.
E. R. Knight	Courts of Arkansas and Tennessee	1,700 00	.....	Land in Arkansas	Do.
T. Barton	Equity court District of Columbia	200 00	964	Lot at Barry Farm	Substitution of trustee, and sale; trustee appointed.
B. Mackall	do	5,132 51	972	Seven frame houses, Foundry Alley.	Sale confirmed, and exceptions to auditor's report sustained in part.
George Mattingley	do	16,650 50	1,015	Center house, Grant Row	Bill for confirmation of sale.
Elizabeth Barrett	do	494 29	1,018	Balance due after sale of security.	Bill filed to charge other property with balance due.
A. C. Bradley	Supreme court United States	15,333 95	1,264	Large brick house, E street, N. W.	Action to set aside sale, &c.
A. Langdon	Supreme court District of Columbia.	3,568 72	1,268	Lot and improvements, Le Droit Park.	Set-off claimed.
M. J. Warner and John B. Bloss.	Equity court District of Columbia	1,232 40	1,321	Lots at Mount Pleasant	Arising out of S. P. Brown matter, No. 54, above.
R. I. Fleming	Circuit Court District of Columbia	16,261 33	1,339	Approved voucher for building schools.	Suit against District of Columbia; judgment in favor District of Columbia; appealed.
Robert Williams	Equity Court District of Columbia	.....	.....	Real estate	Bill of review (see schedule of property).
Eugene S. Calvert and Sarah B. Sherman.	Circuit court District of Columbia	123 52 18,487 08	1,511 1,751 975 B	Balance due after sale of property	Suit for balance.
Thomas H. Talbot	Supreme Court United States	1,587 40	1,486	Brick house, B street, N. E	Foreclosure.
A. T. C. Dodge	Circuit court District of Columbia	3,371 08	1,377	.....	Suit on promissory note.
E. R. Haight	Supreme court District of Columbia.	234 50	.....	.....	Appeal from judgment on note; defendant bankrupt.
F. W. Brooks	Courts of New York	6,150 00	1,420 1,421	Worthless stock	On promissory note.
D. Welch & Co	Circuit court District of Columbia	453 40	397 649 1,489	.....	Suit for balance due.
J. B. Stewart	United States Supreme Court	3,252 20	394	.....	Suit on promissory note.

Juan Boyle & Co	....do	31,127 67		Lots adjoining Capitol grounds	To set aside certain conveyances, and sale of property.
James C. Kennedy	....do	12,015 00	977	Seneca Stone bonds	To charge executor with payment of note.
Holtzclaw & Bruff and Mary J. Wheeler.	Circuit court District of Columbia	179 79	1,129	Balance due after sale of security.	On promissory notes.
D. A. Connolly	....do	739 09	1,205	....do	Do.
H. Kilbourn, president	....do	3,000 00	1,481		On promissory notes; special referee.
J. V. W. Vandenburgh	Equity court District of Columbia	78,301 36		$21,827.24 3-65 bonds; $75,861.88 cash.	Pending on exceptions to auditor's report.
Abbott Pave Company	....do	40,933 48		$3,504.02 sewer scrip; $3,000 Second National Bank stock.	Do.
Adolph Cluss	Supreme court United States	2,155 00			Agent District of Columbia for amount approved voucher.
Seneca Stone Company	Courts of Maryland	57,500 00		Second-mortgage bonds	Foreclosure.
A. Grant	Equity court District of Columbia	3,184 54		Tax-sale certificates	Suit by Grant to cancel certificates.
* M. McCormick and Mary J. Wheeler.	....do				For possession of property, and to quiet title (see property schedule).
United States	Uuited States Court of Claims	17,250 00			Arrearages of rents.
Beaufort County, S. C., and other certificates.		21,153 90			Pending before legislature South Carolina.
Big Bonanza Warrants, South Carolina.		3,619 37			Do.
R. G. Holmes	Courts of South Carolina	4,667 00		Land and saw-mill	Foreclosure.
R. H. McCain	Courts of Tennessee	895 04		Property in Memphis	Do.
Ed. Beecher, late cashier, Montgomery, Ala.	Courts of Illinois	18,955 70		Personal bond	Suit on bond.
Assets at Memphis Branch	Courts of Tennessee and Arkansas	51,185 20		Lands, &c., in Tennessee and Arkansas.	Various suits.
Assets at Vicksburg Branch	Courts of Mississippi	9,619 86			Do.
Real estate, Chattanooga	In attorney's hands	1,200 00		Vacant lot	To correct title.
Total		509,116 80			

* And interest.

SCHEDULE C.

List of judgments obtained.

Debtor.	Judgment.	No.	Amount.	Interest from—
Robert Williams	Equity	4, 118	$4, 143 74	Nov. 24, 1876.
H. Lancaster	do	5, 099	309 81	July 6, 1877.
Jos. Brooks *et al*	Law	16, 194	891 84	July 23, 1875.
William F. Crane	do	16, 204	276 48	May 11, 1875.
J. H. A. Schureman	Equity	4, 624	1, 299 06	April 8, 1876.
A. B. Mullett *et al*	Law	9, 401	1, 400 00	Nov. 1, 1871.
S. Jackson	Equity	5, 284	379 78	May 9, 1877.
Robert Kopp	Law	16, 192	405 92	Apr. 5, 1876.
C. W. Havenner	do	15, 707	8, 400 00	Various dates.
Jos. Daniels against H. White	do	16, 139	8, 471 77	Jan. 17, 1878.
	Equity	4, 149	4, 661 70	Dec. 17, 1877.
Arthur Flynn	Law	14, 088	111 54	Feb. 27, 1874.
J. B. Stephenson	Equity	4, 936	389 71	Dec. 2, 1876.
J. T. H. Hall	do	5, 327	1, 325 30	Sept. 29, 1877.
C. W. Havenner & Co	Law	15, 705	7, 350 00	Various dates.
George W. Duvall	do	16, 206	5, 682 93	July 1, 1873.
George D. Johnson	do	14, 722	350 00	Oct. 7, 1872.
J. T. Pike	do	16, 207	2, 673 84	Various dates.
William Robinson	do	16, 687	188 75	Do.
G. W. Dyer	do	18, 838	331 32	Feb. 24, 1876.
M. Tolson	do	16, 198	233 32	May 31, 1876.
Davis & Balloch	do	16, 414	532 44	Dec. 4, 1873.
S. T. Suit	do	17, 893	24, 754 20	Mar. 15, 1877.
Peter Lowery	do	(*)	3, 512 50	10 per cent., May 27, 1874.
William Muirhead	Equity	5, 283	782 71	Mar. 1, 1877.
George H. Newman	Law	14, 491	290 00	Various dates.
J. M. Brown	do	16, 196	4, 425 00	Do.
G. H. Stowell	do	16, 202	100 27	Aug. 9, 1875.
Clara B. Hall	do	16, 686	350 00	Nov. 5, 1873.
W. R. Hooper	do	16, 793	810 00	Feb. 8, 1876.
S. L. Loomis, trustee	Equity	5, 328	2, 776 31	July 3, 1877.
R. M. Hall *et al*	Law	13, 523	175 00	Apr. 17, 1874.
Do	do		2, 290 25	Feb. 4, 1875.
Do	do	15, 694	838 99	Sept. 15, 1873.
C. W. Hayden, president	do	13, 351	1, 500 00	Nov. 29, 1872.
S. Strong	Equity	5, 282	989 21	May 3, 1877.
Donn Piatt	Law	13, 713	200 00	Dec. 31, 1872.
S. S. Smoot	do	15, 708	3, 000 00	Various dates.
Saint James Parish	do	16, 222	1, 650 00	Do.
		16, 233		
F. A. Holden *et al*	do	16, 919		
S. C. Pomeroy, less $1,934.56, credit December 16, 1876.	do	14, 891	6, 000 00	Various dates.
A. G. Underhill	Equity	4, 857	6, 000 00	Oct. 8, 1872.
F. H. Gassaway	Law	13, 714	3, 775 16	Various dates.
Perry Carson	do	15, 693	1, 000 00	Do.
George Burgess	do	16, 193	2, 785 78	Apr. 18, 1876.
Francis Wright	do	16, 200	772 76	June 5, 1874.
Juan Boyle & Co	do	13, 777	4, 366 66	May 6, 1874.
Jos. B. Carter	do	14, 490	350 00	Feb. 11, 1875.
R. I. Fleming	do	13, 696	3, 000 00	Various dates.
	do		1, 002 23	May 31, 1874.
Graham P. Hopkins	do	13, 997	2, 500 00	Feb. 23, 1874.
J. T. Pike *et al*	do	16, 201	5, 478 50	Dec. 11, 1875.
R. H. Marsh	do	15, 936	66 05	July 1, 1874.
James T. Benedict	do	13, 521	2, 000 00	Various dates.
Henry Lacy	do	14, 089	115 00	Feb. 27, 1874.
R. K. Morris	do	15, 929	30 00	Feb. 12, 1873.
William Bowen	do	16, 197	1, 660 92	Various dates.
Henry R. Searle	do	17, 401	1, 061 15	Do.
A. R. Fowler	do	15, 931	50 00	Do.
F. S. Lamon *et al*	do	14, 090	700 00	Do.
J. Smolinski	do	14, 778	495 00	Do.
Addison Clayton *et al*	do	15, 937	50 00	Aug. 12, 1873.
Smolinski & Lyle	do	14, 779	1, 034 49	Various dates.
Thomas Lucas *et al*	do	13, 779	1, 000 00	Do.
J. C. Lay	do	15, 333	300 00	Do.
E. R. Haight	do	15, 331	222 68	Jan. 26, 1874.
James A. Nelson	do	14, 724	700 00	Various dates.
Moses Orr *et al*	do	14, 091	120 00	Jan. 24, 1874.
R. W. Waters	do	13, 524	150 00	Oct. 18, 1873.
J. F. Hartigan *et al*	do	15, 932	50 00	Nov. 21, 1873.
James Brooks	do	14, 084	586 68	Various dates.
T. H. Williams	do	13, 525	370 00	Do.
Arthur Simmons	do	14, 093	176 01	Do.

*Supreme Court error and appeal term.

List of judgments obtained—Continued.

Debtor.	Judgment.	No.	Amount.	Interest from—
W. H. Gray	Law	15,939	32 33	July 4, 1874.
T. J. Latham *et al*	do	15,778	1,800 00	Mar. 4, 1874.
T. W. Chase	do	15,928	50 00	Feb. 26, 1874.
Charles H. Peters *et al*	do	15,938	50 00	June 30, 1874.
I. Washington	do	15,335	150 00	Various dates.
Washington Waller *et al*	do	15,930	35 00	Apr. 20, 1874.
Richard Wells *et al*	do	15,927	31 28	June 23, 1874.
Elizabeth Knowles	do	15,926	26 28	July 3, 1874.
Thomas Gilles	do	15,924	74 00	Apr. 13, 1874.
Robert Hatton	do	15,925	30 00	Do.
J. E. Clarke	do	14,086	360 66	May 21, 1874.
A. McIntosh *et al*	do	15,334	150 00	June 20, 1874.
T. W. Miller *et al*	do	16,411	121 10	Aug. 17, 1874.
Newman & Middleton	do	14,992	3,825 69	Various dates.
D. S. Jones	do	14,854	150 00	Apr. 8, 1873.
Leonidas Scott and George D. Johnson	do	14,188	11,381 28	May 7, 1874.
John B. Wheeler	do	15,704	2,200 00	Various dates.
C. W. Havenner	do	17,029	879 52	Nov. 10, 1876.
T. J. Holtzclaw	do	15,646	996 27	Feb. 27, 1874.
G. Meyer	do	14,723	830 00	Mar. 12, 1875.
			169,396 17	
Overdrafts.				
L. Deane	do	15,506	1,000 00	
G. D. Johnson	do	15,940	28 11	
T. M. Healy	do	16,120	31 00	
J. Daniels	do	15,329	140 22	
E. Gibson	do	15,935	59 06	
Ch. Myer	do	15,933	80 00	
Ch. Mullaly	do	15,934	25 00	
R. H. Marsh	do	15,936	66 05	
J. M. Browne	do	16,196	44 25	
F. Douglass, jr	do	15,991	561 52	
F. S. Lamson	do	15,332	528 92	Aug. 9, 1873.
George Schermerhorn	do	14,095	288 90	Mar. 25, 1874.
P. O. Jenkins	do	14,853	140 25	June 7, 1875.
T. J. Holtzclaw	do	15,645	136 79	Mar. 17, 1876.
J. H. McChesney	do	18,837	80 00	Various dates.
Total			172,606 24	

"D."

SCHEDULE OF REAL ESTATE ON HAND.

(Copy of Catalogue of Sale.)

GREAT BARGAINS

IN

REAL ESTATE.

CATALOGUE

OF

Properties to be Sold at Public Auction

AT THE

OFFICE OF THE COMMISSIONERS OF THE FREEDMAN'S SAVINGS AND TRUST CO.,

FREEDMAN'S BANK BUILDING,

No. 150½ Pennsylvania Avenue, opposite the U.S. Treasury,

COMMENCING

Wednesday, March 26, 1879,

AT 11 O'CLOCK A. M.

TITLE GOOD OR NO SALE.

TERMS.

One-third cash, the balance in one and two years, with interest at eight per cent. per annum, payable semi-annually; or all cash, at the option of the purchaser. Deferred payments to be secured by Deed of Trust on the property sold.

No.	Square.	Lot.	Dimensions of lot.	Location and description.	Assessed.	Sold for—
1	24	Part 42	21.4 x 51.9	Alley between Twenty-fourth and Twenty-fifth and M and N streets northwest. Two-room frame shanty.	$214	.....
2	69	S. 23	15 x 90	Twenty-first street, between N and O streets northwest. Vacant lot.	108	.....
3	69	S. 34 and N. ½ 35.	22.6 x 115.4	1314 Twenty-first street northwest. Two-story three-room frame shanty.	307	$302
4	69	S. ¾ 36	11.3 x 115.4	1312 Twenty-first street northwest. Two-room frame shanty.	104	155
5	69	N. ¾ 37	11.3 x 115.4	1308 Twenty-first street northwest. Small frame shanty. (Brick sidewalk and concrete carriageway in front of all the above lots in square 69.)	.....	180
6	90	19	19.6 x 89.58	1808 Twentieth street northwest. Frame house newly painted; six rooms and kitchen; front and back yards; sewerage.	1,062	760
7	133	S. U	18 x 100	1826 Lawrence street. Six-room frame, with halls; sewerage.	844	.....
8	152	39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49.	87.6 x 188.3	Oregon and Eighteenth streets northwest. Eleven unimproved lots.	12c. per ft.	.....
9	183	S. K	16.4 x 95	Alley between Sixteenth and Seventeenth and L and M streets northwest. Vacant lot.	15c. per ft.	.....
10	193	35, 36, 37, 38, 39, 40, 41, 42, 43, 48, 49, 50, 51, 52, 53, 54, 55.	9 lots, 22.6 x 95; 8 lots, 19.6 x 95.	R, Fifteenth, and Corcoran streets northwest. Seventeen vacant lots. Brick sidewalks; concrete carriageway; lots terraced and parked.	25c. per ft.	.....
11	302	46	20 x 95.1	Eleventh street near Boundary. Vacant lot.	12c. per ft.	.....
12	309	Parts 21, 22, 23	20 x 68.3	Eleventh street between Q and R streets northwest. Two frame shanties. Subject to taxes.	25c. per ft.	.....
13	309	25	21.50 x 90	Eleventh street between Q and R streets northwest. Vacant lot.	25c. per ft.	.....
14	N. of 334	3, 9, 10, 11	.....	Southwest corner Vermont avenue and T street. Two-story frame shanty on lot 3. Lots 9, 10, and 11 vacant.	.....	.....
15	335	Part 1	50 x 99.9	Tenth street near R street northwest. Two-story six-room frame hall. (Occupied as a school.)	2,447	1,500
16	361	60, 61, 62	5,274 feet	T street near Vermont avenue northwest. Vacant lots.	25c. per ft.	.....
	309	Lot 2 and part 3.	.....	1603 Twelfth street northwest. Two-story frame house.	.....	.....
17	365	142	22 x 90	1549 Columbia street northwest. Three-story brick house, with three-story back building; newly painted and renovated; nine rooms; all modern improvements.	3,792	.....
18	420	25	20 x 95	1602 Seventh street northwest. Three-story brick dwelling, with store, and two-story back building; eight rooms; gas and water; street and sidewalk paved.	3,450	.....
19	551	Part 16	16.4½ x 130	232 R street northwest. Two-story six-room frame house, newly painted.	1,019	750
20	557	Part 31	15 x 136.7½	122 Pierce street. Two-story and basement frame house, one-story back building; eight rooms.	685	.....
21	558	Part 10	2,470 feet	1014 New Jersey avenue northwest. One-story frame; two rooms and kitchen; street and sidewalk paved.	841	.....
22	558	Part 10	(Included)	1016 New Jersey avenue. (Same as above.)		
23	560	Part 6	10,160 feet	Third and K streets northwest. Vacant lot.	10c. per ft.	In suit.
24	562	21, 22	35 x 150	I street between Second and Third streets northwest. Vacant lot.	80c. per ft.	In suit.
25	566	Part 3	12 x 46	Alley between Second and Third and F and G streets northwest. Two-story frame shanty.	366	.....
26	634	29, 30, 31, 32, 33, 34, 35, 36, 37, 38.	19,864 feet	North Capitol and C streets. Vacant lots (except four small buildings); street and sidewalk paved.	From 70 to 90c. per ft.	.....

No.	Square.	Lot.	Dimensions of lot.	Location and description.	Assessed.	Sold for—
27	638	F and V	1,920 feet	444 First street southwest. Two-story pressed-brick front; sidewalk paved; Belgian block carriageway.	1,001	
28	652	16, 17, 19	28,771 feet	Half street between N and O streets southeast. Vacant lots.	3c. per ft.	
29	724	Part 8	2,958 feet	114 C street northeast. Three-story and basement pressed-brick front; all modern improvements.	4,032	
30	724	Parts 7, 8	20 x 168.3	116 C street northeast. Three-story and basement pressed-brick front, with two-story back building; sixteen rooms; all modern improvements.	4,178	
31	730	Part 1	23 x 73.1	136 Pennsylvania avenue east. Three-story and basement pressed-brick-front house; all modern improvements.	5,466	In suit.
32	732	Part 34	54.5½ x 55.8	Carroll street between First and Second streets east. Brick stable.	1,558	700
33	734	Parts 12 and 13.	1,670 feet	402 First street southeast. Two-story and basement frame house; all modern improvements.	25 and 30c. per foot; $1,000 for imp'ts.	
34	761	C	17 x 79.1	205 A street southeast. Three-story and basement pressed-brick front; twelve rooms; all modern improvements	4,490	3,000
35	784	Part 4	2,079 feet	B street between Third and Fourth streets northeast. Vacant lot.	20c. per ft.	
36	821	Part 2	15.7 x 70	412 E street southeast. Two-story frame house.	379	310
37	867	34	14 x 101	114 Seventh street northeast. Two-story five-room frame house, newly painted.	910	700
38	878	Part 37	22 x 133	733 Seventh street southeast. Two-story and basement six-room frame.	712	750
39	915	1, 2, 3, 4, 5	5,495 feet	Maryland avenue, Eighth and North E streets. Vacant lots.	10 and 12c. per ft.	
40	971	D	915 feet	1003 South Carolina avenue. Two-story six-room frame; sidewalk paved.	617	370
41	1000	1, 2	8,251 feet	Twelfth and N streets southeast. Vacant lots.	1c. per ft.	
				BARRY FARM.		
	Section.					
42	1	9		One-acre lot and shanty	250	
43	2	9		One-acre lot	150	
44	3	35		One-acre lot and shanty	170	100
45	3	12		do		
46	2	20		do		
47	6	12		One-acre lot	150	75
48	8	36, 37, 38, 39, 40		Two-story and mansard frame house with brick basement; two small frame dwellings, together with five acres of land.	2,598	
49	9	6		One-acre lot and two-story frame		
	9	27		One-acre lot and shanty		
				GEORGETOWN.		
	Square.					
50	18	74, 75		Water street near High. Two-story frame shanty.	625	
51	90	Part 110	18.6 x 60	Monroe street near Poplar. Vacant lot.	89	
52	E. of 93.	Part —	24 x 110	5 West street. Two-story five-room frame house.	743	
				UNIONTOWN.		
53		795	20 x 113½	Johnson street	2c. per ft.	55
				WASHINGTON COUNTY.		
54			65 acres and 29 ps.	Rock Creek, Georgetown. Mansion house, mill, water-power, &c.	18,000	
55			65 acres	Good Hope road	$80 p. acre.	
56			50 acres	Bowen road. Two-story frame dwelling and outbuildings.	$50 p. acre; $2,000 for imp'ts.	

No.	Square	Lot.	Dimensions of lot.	Location and description.	Assessed.	Sold for—
				MERIDIAN HILL.		
57	.....	W. and D.'s sub. 96, 97.	5,300 feet	Eighth street extended. Three small frame houses.	1,094	.....
58	.....	W. and D.'s sub. 91.	25 x 257.6	Seventh-street road. Two-story frame shanty.	663	.....
59	.....	S. P. Brown's sub.	41, 53, 60, 61, 66, 67.	Oak street and Laurel avenue	.....	.....
				HALL'S SUBDIVISION OF PADSWORTH.		
60	.....	2, 3, 4	7,343 feet	Rock Creek and Seventh-street roads. Vacant lots.	2c. per ft.	.....
				HOWARD UNIVERSITY.		
61	.....	Block 16, 7 & 8	100 x 150	College street. Two-story and mansard frame dwelling, brick basement. All modern improvements.	9,050	.....
62	.....	Block 22	L. M.	Two two-story "patent-brick" houses, north of Howard University.	.....	$210, $300
				IVY CITY.		
63	.....	Block 1	.....	3 lots	.....	.....
		Block 2	.....	18 lots	.....	.....
		Block 3	.....	8 lots	.....	.....
		Block 4	.....	12 lots	.....	.....
		Block 5	.....	42 lots	.....	.....
		Block 6	.....	36 lots	.....	.....
		Block 7	.....	35 lots	.....	.....
		Block 8	.....	27 lots	.....	.....
		Block 9	.....	10 lots	.....	.....
64	.....	.....	.....	Farm of $33\frac{5}{100}$ acres	.....	.....

	Cost.
Banking-house and adjacent property at Washington, D. C	$258,315 66
Banking-house, &c., at Jacksonville, Fla	35,257 76
Banking-house, &c., at Nashville, Tenn	27,479 70
Banking-house, &c., at Vicksburg, Miss	16,246 46
Vacant lot, Memphis, Tenn	6,517 25
Vacant lot, Chattanooga, Tenn	1,000 00
Vacant lot, Atlanta, Ga	200 00
Vacant lot, Norfolk, Va	100 00
Safes, furniture, &c.	

SCHEDULE E.

Statement of the annual expenses attending the appointment of the commission and its management of the business of the Freedman's Savings and Trust Company.

Character of expenditures.	From July 13 to December 31, 1874.	1875.	1876.	1877.	From January 1 to November 30, 1878.	Totals.
Salaries of commissioners	$4,308 32	$9,000 00	$9,000 00	$9,000 00	$8,250 00	$39,558 32
Salaries of agents	24,912 24	17,046 91	9,925 74	5,054 92	7,289 76	64,229 57
Advertising, stationery, expressage, postage, and other ordinary expenses	4,266 37	4,539 17	1,217 17	631 91	1,106 47	11,761 09
Attorneys' fees and costs	2,503 65	7,306 74	10,362 99	7,019 03	4,186 41	31,378 82
Rents	7,993 32	1,238 00	.....	.....	.....	9,231 32
Expenses incident to loans, insurance, advertising, auctioneers' fees, expenses of foreclosure, &c	4,570 89	6,279 89	10,596 92	3,509 21	3,279 91	28,236 34
Expenses incident to the maintenance of properties, insurance, repairs, fuel, gas, &c	2,715 26	9,675 37	10,035 23	9,811 01	7,907 69	40,145 04
Taxes and arrearages of taxes	17,933 28	14,387 90	26,691 95	11,942 16	7,780 01	78,735 30
Prior incumbrances	4,936 38	572 26	6,379 27	416 80	76 83	12,381 54
Miscellaneous expenses, premiums on coin, overpayments refunded, judgments against company, &c	316 72	1,511 09	1,169 98	49 55	57 96	3,096 30
Total annual expenditure	74,456 43	71,557 33	85,370 25	47,434 59	39,935 04	318,753 64

SCHEDULE F.

Expenditures from December 1, 1878, to May 10, 1879.

Salaries of commissioners	$3,750 00
Salaries of agents	1,758 30
Advertising, stationery, expressage, postage, and ordinary expenditures, (cash, $103.90; checks, $242.44)	346 34
Attorneys' fees and costs, (cash, $12.89; checks, $1,780)	1,792 89
Expenses incident to loans, insurance, advertising, auctioneers' fees, &c., (cash, $117.25; checks, $278.42)	395 67
Expenses incident to the maintenance of properties, insurance, repairs, fuel, gas, &c., &c., (cash, $740.68; checks, $2,531.98)	3,272 61
Taxes and arearages of taxes, (cash, $167.45; checks, $5,610.37)	5,777 82
Miscellaneous; moneys refunded	57 50
	17,151 13

SCHEDULE G.

Balances due depositors July 11, 1874, as per schedules.

Branch at—	Number of accounts.	Amount.	Dividends paid to May 10, 1879.
Alexandria	266	$13,877 61	$3,956 78
Augusta	3,324	88,220 70	24,559 16
Atlanta	1,355	28,066 98	7,113 01
Baltimore	3,734	284,222 05	79,953 30
Beaufort	973	60,579 83	6,773 03
Charleston	5,133	243,867 78	67,193 27
Columbus	286	8,100 48	1,332 56
Columbia	473	19,441 18	4,962 29
Huntsville	601	34,128 24	9,508 26
Jacksonville	1,608	39,400 87	9,556 20
Lexington	732	27,782 94	8,186 77
Lynchburg	469	15,503 06	4,204 16
Louisville	2,975	133,046 23	35,268 93
Little Rock	440	13,837 11	3,675 51
Macon	1,572	50,534 32	13,934 30
Memphis	1,549	91,228 13	23,555 67
Mobile	2,576	82,422 64	22,073 12
Natchez	214	19,912 34	5,010 90
Nashville	1,854	74,603 20	19,896 99
New Berne	994	36,534 65	8,909 80
New Orleans	2,929	232,022 74	62,595 67
New York	3,160	317,543 50	90,695 78
Norfolk	2,399	108,801 64	29,510 10
Philadelphia	1,599	73,139 18	19,959 09
Raleigh	1,270	32,421 30	8,152 56
Richmond	3,665	140,340 71	40,342 39
Savannah	3,868	135,104 22	36,167 69
Shreveport	673	30,610 35	8,079 13
Saint Louis	1,073	54,190 17	13,933 32
Tallahassee	766	25,369 57	6,940 69
Vicksburg	2,407	87,777 37	19,737 09
Wilmington	2,453	42,076 66	11,057 04
Washington	3,754	349,082 93	92,229 41
	61,144	2,993,790 68	799,023 97
Miscellaneous accounts	28		104 46
Branch drafts			850 85
Add correction of errors to May 10, 1879		5,423 65	
	61,172	2,999,214 33	799,979 28
Deduct special deposits		35,224 22	
Subject to dividends		2,963,990 11	

SCHEDULE H.

Statement of cash to May 10, 1879.

Cash		$1,075 84
United States Treasury		238,397 99
United States assistant treasurer, New York		31,448 41
Total cash		270,922 24
Special deposits	$35,224 22	
Preferred claims	38,239 07	
		$73,463 29
Deposits	2,934,313 66	
Less amount of special deposits included above	240 91	
		2,934,072 75
Rost Home Colony		23,968 00
Branch drafts		5,297 29
Miscellaneous claims		652 07
Total liabilities		3,037,453 40
Special deposits and preferred claims paid	$73,222 38	
Special deposit, checks in vault	240 91	
		73,463 29
Liabilities subject to dividends		2,963,990 11
Amount of first dividend 20 per cent		592,798 02
Paid on first dividend		547,683 04
Due on first dividend		45,114 98
Amount of second dividend 10 per cent		296,399 01
Paid on second dividend		252,296 24
Due on second dividend		44,102 77
Due on first dividend	$45,114 98	
Due on second dividend	44,102 77	
Vandenburgh Abbott Paving Company	76,260 24	
Jno. A. J. Creswell, trustee	517 50	
Enoch Totten, trustee	4,416 22	
		170,411 71
Available cash		100,510 53
Total cash receipts to May 10, 1879		$1,480,269 58
Total disbursements:		
Expenses, &c	$335,904 77	
Special deposits and preferred claims	73,463 29	
Dividends	799,979 28	
		1,209,347 34
Balance on hand May 10, 1879		270,922 24

EXTRACTS FROM TESTIMONY CONCERNING THE SENECA SANDSTONE.

[Accompanying letter of H. H. Dodge in body of report.]

CERTIFICATE AND LETTER OF PROF. JOSEPH HENRY, *Secretary of Smithsonian Institution.*

SMITHSONIAN INSTITUTION,
Washington, April 17, 1867.

I certify that the freestone of which the Smithsonian building is constructed, and which was procured from the quarry of Mr. Peter, on Seneca Creek, is of great value as a building material, both in regard to durability and power to sustain weight.

JOSEPH HENRY,
Secretary Smithsonian Institution.

LETTER TO HON. O. H. BROWNING.

SMITHSONIAN INSTITUTION,
Washington, October 29, 1867.

DEAR SIR: In answer to your letter in regard to Seneca stone, I have the honor to inform you that the exterior of the Smithsonian building is composed of this material, and that, after twenty years of exposure, it has not been injuriously affected by the weather. I consider it a suitable material for the new jail about to be constructed in this city.

Very respectfully, your obedient servant,

JOSEPH HENRY,
Secretary Smithsonian Institution.

Hon. O. H. BROWNING,
Secretary Interior.

EXTRACTS FROM A REPORT OF A COMMITTEE OF CONGRESS.

An investigation by the House Committee on Public Buildings and Grounds, made in 1873, in regard to the work done on the new building for the State, War, and Navy Departments in Washington, developed, from the testimony of eminent architects, engineers, and contractors, facts sustaining the high claims of the Seneca stone for building material in the following particulars:

1. Its resistance to frost.
2. Its resistance to fire.
3. Its resistance to moisture.
4. The facility of working it when first quarried.
5. Its subsequent hardening qualities.
6. Its economy as compared with granite or bluestone.
7. Its power of resistance to all disintegrating causes, whether climatic or mechanical.

The committee say further in their report:

"The committee have summoned and examined under oath a large number of witnesses of both sides of the question involved in the inquiry, including Mr. A. B. Mullett, Supervising Architect of the Treasury, Professor Joseph Henry, General Richard Delafield, Adolph Cluss, M. G. Emery, Henry R. Searle, C. H. Sherrill, James C. Rankin, and many others who are familiar with the Seneca stone, and also experts in the use of stone as a building material. The committee also, in person, visited and inspected the work done on the new State Department building at a time when it had passed through severe tests of freezing, thawing, and dampness. The committee have conducted the investigation with open doors, and have examined all witnesses suggested as having any information within the scope of the resolution, and have allowed the widest latitude in the examination. Under the resolution the following have been the points toward which the committee's inquiries have been directed, namely:

"First. The character of the work done on the new State Department building.

"Second. Why a material known as Seneca sandstone was used in the foundation walls instead of granite, as ordered by the Joint Committee on Public Buildings and Grounds of the two Houses, and by whose authority the change was made.

"Third. Whether the stone has been damaged by frost.

"The first point involves not only the character of the work, but also the character of the material used, for good work cannot be done with bad material. The committee find, from personal inspection, and from the testimony of expert architects and builders, that the work on the building in question, so far as it has progressed, is satisfactory in every respect; that the walls are more than sufficiently thick. * * * As to the quality of the material known as Seneca sandstone, the committee has voluminous testimony. It is in evidence that Seneca sandstone, of the same quality as that used in the State Department, but of a lighter color, has been in use as steps leading to the west front of the Capitol, and for the floor of the rotunda for nearly eighty years. * * *

"General Richard Delafield, who has been a practical engineer for more than fifty years, testifies on the subject of the strength of this sandstone, that it is used in the center portion of the Capitol building and for the White House building; that it is the material of which Fortress Monroe is built, and that in 1812 sandstone was used for the construction of Castle Garden, Fort William, and Fort Tompkins, in New York harbor."

ABSTRACT OF GENERAL DELAFIELD'S TESTIMONY.

General Richard Delafield, U. S. A., late Chief Engineer U. S. A., stated that he was familiar with the Seneca stone, having used it in his own house. He added:

"After the destruction of the Smithsonian Institution, I had an examination and investigation made, with a view to rebuild and renew the parts injured, and I had no hesitation in looking upon the stone as well adapted in this climate for the purpose of building, and it was so used so far as needed in the reconstruction of the parts of the building injured. * * * The walls were less injured by fire than granite walls would be. * * * I would prefer it for partition walls to granite stone. It will absorb moisture, but it does not condense the atmosphere on the surface as the pieces of marble in this room, for instance, will. * * * The tests that have been made are reliable as to frost."

FROM THE TESTIMONY OF A. B. MULLETT, ESQ.

Mr. A. B. Mullett, Supervising Architect of the Treasury, said, relative to his use of the Seneca stone in the partition walls of the cellar of the new State Department building: "Seneca stone has been used in these partition walls only as a matter of economy, although for that purpose I consider that material superior to granite, because it is fire-proof material. In the construction of the furnaces, where it is necessary to place them against granite walls, we are obliged to construct an air-chamber with brick, and that is not necessary if Seneca stone is used for the wall. * * *

On the durability of the Seneca stone he testified: "I do not think its durability has ever been called in question by any person who knows anything about it. It has been used in the aqueduct by General Meigs. * * * It has been used in the construction of the Smithsonian building; in the construction of Trinity Church, on Third street in this city; in the construction of canal-locks; for the Freedman's Savings Bank, and for a great many private purposes."

TESTIMONY OF MICHAEL H. McGOWEN.

Michael H. McGowen, a practical stone-cutter of years' experience, testified:

"In the Freedman's Bank, where it is used, the walls are whitewashed and the slightest indication of dampness shows through the whitewash; in the back part of the building there is a running spring within five inches of the wall, and yet in the next stones above the ground there is no indication of dampness. * * * The Young Men's Christian Association building, where the Seneca was used, has been up now about five years and the walls are as dry as bone."

FROM THE TESTIMONY OF ADOLPH CLUSS, ESQ.

Adolph Cluss, architect and engineer, architect of the Corporation of Washington who had charge of the public buildings, school-houses and the like that had been erected, constructor of the Agricultural Department building, and superintendent of the reconstruction of the Smithsonian Institution, testified:

"In regard to the durability of the Seneca stone, it has been used the longest, so so far as I know, for the steps and pavement leading from the Avenue to the Capitol.

They are of Seneca stone, but of a lighter hue than that now quarried. They have been exposed to moisture and freezing for, I believe, the last eighty years. In coming up to-day I looked at them more minutely than I otherwise should have done. They are very little worn and do not show any defects.

Besides, they have been used for the locks on the Chesapeake and Ohio Canal. The engineers of that canal, having satisfied themselves in regard to the material, condemned a quarry of this stone for their own use. I call attention next to the Smithsonian Institution. Before it was used in that building it was subjected to thorough scientific tests, and I have seen extracts which I have taken from the reports made on that occasion. There was a geological test and a chemical test. One was conducted by Dr. D. Dale Owen, and the other by Dr. Page, of this city. The stone again has been subjected to a test by Dr. James Hall, of Albany, when the subject of a building for the new Capitol at Albany was under discussion. He also speaks in the highest terms of it, and says: "The material of the new red sandstone formation on the Potomac River, in Maryland, known as the Seneca sandstone, has, in many examples, proved extremely durable; and I have been shown a specimen of this rock taken from an old work upon the river, where it has been exposed to the elements for eighty years, and the stone is still sound. This specimen is highly siliceous, and with no visible seams of argillaceous matter. The same sandstone has a wide area in the Connecticut River Valley and in New Jersey. Its varieties are well known in all the Atlantic States, and have been more extensively used than any other building material in the country.

"The first question with any sandstone of that geological formation relates to its durability; and in regard to that, I may say that the same geological formation precisely prevails upon the banks of the Rhine. The cathedral of Strasburg, one of the largest buildings in Europe, is built of that material. It has a spire 550 feet high. There is five times as much pressure upon it as there will be upon this building (the new State Department,) and it has been exposed from eight to twelve centuries without serious disintegration or damage. As a general thing, I would say that our sandstone in the United States is stronger than that on the Rhine, and I may say further that the Seneca sandstone is much stronger than most of that in general use coming from Connecticut and New Jersey. It belongs to the best class of sandstone. * * *

"In 1852, on the occasion of the selection of a building stone for the United States Capitol extension, Mr. Stuart, then Secretary of the Interior, appointed a scientific commission, who report the strength of the Seneca sandstone against crushing, as 9,700 pounds per square inch. My opinion is that the stone we now get from the quarry will go higher."

Mr. Cluss testified further, that he was in no way interested in the Seneca stone otherwise than as an architect desiring full knowledge of building materials. He had never received from the Seneca Stone Company anything in any way—"not a cent nor a cigar." And he instanced Trinity Church, New York, as a structure made of stone similar to the Seneca, brought from New Jersey, and Trinity Church in Washington as of Seneca; adding that Mr. W. W. Corcoran, the eminent citizen and banker, of Washington, had the trimming of his house, built twenty years ago, of Seneca, and he was so well pleased with the stone that he had used it in his monument in the Louise Home.

TESTIMONY OF WILLIAM G. STEINMETZ.

William G. Steinmetz, a civil engineer and architect by profession, and sworn measurer of the Treasury Department, is acquainted with the Seneca stone; has recently examined the foundations of the fences about the President's House, which are of Seneca, "built of small inferior stone; the wall is exposed about four feet; it stands as well as when built; the frost has had no effect at all upon it." The stone has been severely tested in the flighting in the Treasury building; they are five feet wide, and he knows of none that have been broken.

TESTIMONY OF CHARLES H. SHERRILL.

Charles H. Sherrill, now president of the Piedmont and Potomac Railroad Company, who has been in the railroad and canal business for the best of his life, "built the dam at the Great Falls (of the Washington aqueduct), enlarged and deepened the reservoir at Drover's Rest, and did the grading at different points above the tunnel to what we call the upper reservoir." In answer to Mr. Tyner's question as to the kind of stone used in that work, he replied:

"I used the Seneca sandstone principally. * * * I think it is an excellent stone—one of the very best. I think it is the best sandstone I ever saw."

In reply to the question whether it resisted the action of frost, he said:

"Better than almost any other stone, and I think it stands fire better than any stone I know."

CORRESPONDENCE IN RELATION TO THE BEAUFORT, SOUTH CAROLINA, PROPERTIES.

LETTER FROM THE HON. ROBERT SMALLS.

BEAUFORT, S. C., *July* 31, 1879.

DEAR SIR: I hope you will not overlook the Beaufort branch of the bank, which sunk $80,000. The bank had, through its cashier, defrauded the people of the above named amount; said cashier is now the agent to settle up the affairs of the bank, and is doing as much as ever to get the property in his own hands. He has obtained most of it already, and at his own price, without its being known to any except the commissioners at Washington. If you wish facts in regard to this matter inform me, and you can have them by letter or the parties appearing before committee. I will give names whenever you desire. The losses of this branch have been heavier than elsewhere; the defrauding has been open and defiant; the cashier is the owner of the building and is keeping a bank in the same to-day; he bought it at his own price; the safe and fixtures cost nearly as much as he gave for the bank building.

He also bought three other pieces of the bank's property at his price when there were others here who would have given twice as much had the chance been granted them. The bank also possessed the Sea Island Hotel, now owned by other parties, bought at an equally low rate, which transaction alone lost $20,000 to the bank.

I think you and the committee would like to know these facts, and when known by you something will be done. I send two statements which will give some idea of what was done here in behalf of the colored people of this county who lost the amount previously named. I do earnestly ask that your committee investigate this branch.

Hoping this will meet the approval of the committee,

I am, sir, yours very truly,

ROBERT SMALLS.

Hon. B. K. BRUCE,
Chairman of Special Committee to Investigate Frauds in Freedman's Bank.

INCLOSURES IN HON. ROBERT SMALLS' LETTER.

[Inclosure No. 1.]

The United States of America, District of South Carolina, Fourth Circuit.

JOHN A. J. CRESWELL,
ROBERT PURVIS, AND
R. H. T. LEIPOLD,
Commissioners of the Freedman's Savings and Trust Company,
Plaintiffs.
against
JOSEPH W. COLLINS, Defendant.

The defendant answering the complaint of the plaintiffs herein—

I. Admits the allegations contained in the first, second, third, and fourth paragraphs of the complaint.

II. As to the allegations contained in the fifth paragraph of the complaint, he has no knowledge, but denies that there is anything due from him to the plaintiffs upon the bond sued on.

III. For defense to the action of the plaintiff, the defendant says that after making the contract in the complaint mentioned, before the appointment of the plaintiffs as Commissioners of the Freedman's Savings and Trust Company, and before this action, to wit, on the 19th day of July, 1873, the Freedman's Savings and Trust Company proposed to this defendant that he, defendant, should withdraw from the firm of M. M. Kingman & Co., and should convey to said Martin M. Kingman all his, defendant's, title and interest in the property of the partnership and business of the same, and that the said Freedman's Savings and Trust Company would, in consideration of such dissolution of copartnership and such conveyances by defendant, release defendant from all liability and obligation upon the said bond executed by Martin M. Kingman and J. W. Collins, on the 28th day of March, 1873.

IV. That defendant, finding Martin M. Kingman anxious to make the arrangement proposed, as above set forth, reluctantly consented to the proposition of the Freedman's Savings and Trust Company, and on the said 19th day of July, 1873, actually did dissolve copartnership with said Martin M. Kingman, and did on said day convey by deed to said Martin M. Kingman all his, defendant's, right, title, and interest in the copartnership property, and in the business of the firm, and that the said Freedman's Savings and Trust Company did thereupon, on the said 19th day of July, release and discharge, by their instrument of writing, this defendant from all liability and obligation upon and by reason of the said bond executed, as aforesaid, by Martin M. Kingman and J. W. Collins, and did take from Martin M. Kingman, in his individual capacity, the mortgages mentioned in the complaint, upon the same property and for the same debt, and did subsequently, as alleged in the complaint, foreclose said mortgage and receive proceeds of sale under said foreclosure, and apply the same towards the said debt, making no claim or demand of any kind whatsoever upon this defendant.

Wherefore the defendant demands judgment that the bond sued on in this action be adjudged to be cancelled as to the defendant and for his costs.

J. W. COLLINS,
Defendant in person.

This case has now been hanging over me nearly three years, greatly to my detriment. In vain have I asked the bank commissioners to have the matter pushed to a trial or dropped from the docket. I call attention to a copy of Mr. Kingman's letter to the commissioners, also to my printed letter, which has probably caused all the animosity manifested by Messrs. Sperry & Lockwood towards me. In justice to Mr. Elliott, the bank's attorney, I ought to say that he opposed the arrangement by which I was released from my obligations to the bank, from first to last.

In all my transactions with the Freedman's Bank, before and since Mr. Lockwood has had charge of it, I challenge the most searching investigation.

J. W. COLLINS.

[Inclosure No. 2.]

FREEDMAN'S BANK.

BEAUFORT, S. C., *March* 7, 1875.

Editor Standard and Commercial:

I have been informed by several persons that Mr. Purvis, one of the United States commissioners to settle up the affairs of this defunct concern, coupled my name during his stay here with others as being responsible for some of the losses of this bank. I have never advised the loaning of a dollar by this bank which has not been paid, nor will I permit myself to be used by any of its officers as a scapegoat to cover their gross and criminal mismanagement of the hard-earned savings of the colored depositors. If I am owing the bank a cent I am ready to pay it at once.

I cannot believe that Mr. Purvis would come here and willfully libel any of our citizens; he was probably misled by Inspector Sperry, whose lamentable want of veracity is well known, and who has done more than any one else to deceive depositors, and by his willful and infamous misrepresentations to obtain again for the bank the money of the colored people and their lost confidence.

Less than a year ago this same Sperry, before a meeting of our citizens, white and colored, solemnly declared that the bank was sound, and he wished he had the same confidence of going to heaven as that the bank would pay dollar for dollar. In a letter over his own signature, now before me, he reiterates the same; I quote as follows:

"After providing for its (the bank's) usual dividends and for all losses by bad debts and the shrinkage of its property and accounts to an absolute cash basis, the bank is yet able to pay every dollar it owes, and to continue its business more successfully than ever before."

In a few short weeks it was decided bankrupt, and in the hands of the commissioners to be closed up. Sperry must have either been profoundly ignorant of its insolvent condition, which is inconceivable, or else he willfully, basely, and cruelly lied to deceive the colored people, and obtain their money to bolster up a while longer this rotten concern. The same policy was carried out by Mr. Lockwood, so he was retained in office, while Mr. Ritter, of Charleston, one of their best cashiers, refused to be a party to any such swindle and was discharged; such deceptions deserve the execrations of all mankind.

Mr. Sperry has specially censured the loan by Mr. Scovel upon the Sea Island Hotel property, the largest, and from which he considered would result the greatest, loss. To my certain knowledge, Mr. Scovel, after loaning but a portion to Mr. Kingman, then sole proprietor, declined to loan more without further security. I then entered into partnership with Mr. Kingman, and thus with him became responsible for the entire loan, which Mr. Scovel deemed sufficient. Now mark the action of Sperry and Lock-

wood. *Against the advice of the bank's counsel*, to the wonder of all Beaufort, and without consulting me, they decided to release me and made a new loan of about $20,000 direct to Mr. Kingman, the very thing Mr. Scovel refused to do. This loan is well characterized by all business men as infinitely worse than any Mr. Scovel made. I certainly am satisfied if they are; but had the original loan stood, the hotel would have been open to this day, to the no small benefit and profit of the whole community.

Mr. Purvis in his Philadelphia speech assured his hearers that the bank would pay 90 cents on the dollar; now he says 74 or 75 cents, while his colleagues assert that it cannot pay over 40 cents. Long before the bank failed, warning after warning was given in the columns of the *Standard & Commercial* of just such a state of affairs, advising the withdrawal of deposits, and to deposit no more; but this advice given in the cause of justice, and in the interest of the colored people, was neutralized by the most damnably false statements, continually uttered by Sperry and Lockwood, into their too credulous ears. The hopelessness of an honest and speedy settlement of this utterly insolvent bank is shown by the retention in its service of such wholly unreliable men. In conclusion, I earnestly advise the depositors to wait and not sell their bank books to sharpers, though I've yet to learn of any one now not sharp enough *not* to buy them.

J. W. COLLINS.

[Inclosure No. 3.]

WASHINGTON, *October* 24, 1876.

GENTLEMEN: I cannot believe you are in possession of the *real facts* relative to the dissolution of the firm of M. M. Kingman & Co., in Beaufort, S. C., in 1873; if you were I know you would not prosecute Mr. Collins (which simply amounts to persecution) for the balance due the bank from M. M. Kingman. In the spring of 1872, finding house inadequate for the accommodation of the traveling public, I was induced to take a partner. Mr. Collins offered to take an interest, which I declined until after I had been North, where I tried in vain to get capital for myself (for I was anxious to get along without a partner if possible). After our house was completed and furnished, and I began to realize just how we stood, I thought to myself, and consulted with my family, and Mr. Lockwood, your agent, and at that time a social visitor in my family, as to what use my partner was to me; true, through him we had borrowed the money, but the property was responsible for it. In short, I had all at stake, and attended to the business while my partner (with the exception of being responsible for the loan as far as his ability to pay went) had nothing at stake, and no time consumed. The argument between Mr. Lockwood and myself was that the chances of success were better with one family to support than with two. I might add that at that time there was an unpleasantness existing between the families of Mr. Collins and myself, which perhaps added to my desire for the withdrawal of Mr. Collins. I truly believed the investment was going to prove a success. I explained truthfully to Mr. Lockwood just how everything stood; he had boarded in our house, and knew what business we were doing as well as I did myself; Mr. Sperry, too, knew. The books and everything were open for their inspection. Mr. Lockwood favored the dissolution, and wrote Mr. Sperry about it, and *it was not for some time after I found I could get the consent of the bank to take my individual bond, cancelling the old one of M. M. Kingman & Co., that I even hinted to Mr. Collins, or that he had the slightest idea that I wanted him to withdraw from the concern.* At that time everybody believed the hotel would prove a success; that the Port Royal Railroad was not only going to enrich Port Royal, but Beaufort too, which is but one mile from the road. Mr. Collins reluctantly gave me his consent to withdraw; there was no collusion, no fraud or attempt at fraud; it was most certainly farthest from my mind. No, gentlemen, Mr. Collins was fairly and squarely released from that debt of $20,000—the old bond given up and new one made—and there *was no* fraud or thought at fraud. To show you that Beaufort people looked for and expected a large increase of business and appreciation of real estate on account of this new "railroad," there was hardly a man in Beaufort that did not invest in property that to-day won't bring twenty cents on the dollar. This is a fact which perhaps the bank knows *too well*. Mr. Lockwood claims to-day not to approve of the suit; who does? The attorneys. They alone will be benefited by this suit. I have given you the facts in my feeble way—facts I am willing to swear to, and shall swear to if this case ever comes before a court of justice. I most respectfully beg of you that this suit, which cannot prove of benefit to either party, but a great expense of time and money, which neither party can well afford, be dropped. If there are any questions you would like to ask of me, I am at your service. I will inclose Mr. Collins's answer (or copy of same) to the complaint made against him. Mr. Leipold, I believe, has read it.

Very respectfully,

M. M. KINGMAN.

COMMISSIONERS OF FREEDMAN'S SAVINGS AND TRUST COMPANY.

W. H. LOCKWOOD, AGENT, TO MR. LEIPOLD.

BEAUFORT, S. C., *December* 26, 1874.

R. H. T. LEIPOLD, Esq.,
Of the Commissioners, Washington, D. C.:

DEAR SIR: I inclose herewith a proposition from Mr. Alfred Williams to lease the Sea Island Hotel for a period of two years. If he will consent to change his proposition so that the rental shall be $1,100 per annum and taxes, $50 be paid monthly for the first three months, and the lease to date from the day on which possession is given instead of June 1, 1875, I would recommend that his offer be accepted. In answer to various inquiries I have generally stated that we would rent the property for $1,500 per annum and sell for $15,000. The taxes last year amounted to $330, and if Mr. Williams pays them and $1,100 yearly the rent will amount to about what I thought it ought to be. In view of the fact that it would be impossible to open the house in time for the winter business, I think it just and reasonable that Mr. W. should be required to pay only $50 for the first three months.

I do not think we should obligate ourselves to sell for any sum at the expiration of two years, as Mr. W. only asks the privilege of purchasing then for $12,000. Real estate in this section of the country will doubtless appreciate very much in value during the next two years. It cannot be much lower than it is now. If any sum is agreed upon—and I do not suppose Mr. Williams would lease the property unless he can purchase for a given sum—I would suggest that the amount be $15,000 or $16,000. I presume the principal difficulty in the way will be the doubt as to your authority to lease the property for two years, but it will be impossible to get any one to take it for less time, and I see no prospect of selling this year. Williams stated that he would not under any circumstances rent the property for less than two years. I cannot say much as to Mr. W.'s responsibility. He is the intendant of the town and a lawyer by profession, but is at present one of the attachés of the South Carolina legislature. He proposes to expend $6,000 in furniture and fixtures and put the hotel in a first-class condition. If he does this the rent will be sure.

Respectfully,

W. H. LOCKWOOD,
Agent.

PROPOSITION FROM ALFRED WILLIAMS TO AGENT LOCKWOOD TO LEASE THE SEA ISLAND HOTEL.

BEAUFORT, S. C., *December* 24, 1874.

W. H. LOCKWOOD, Esq.,
Cashier Freedman's Savings and Trust Company, Beaufort, S. C.:

DEAR SIR: I make the following proposition in reference to the Sea Island Hotel property:

First. I propose to pay $1,000 rent per annum for the before mentioned property, and in addition to pay State, county, and town taxes, the same to be leased to me for a term of two years, with the privilege of buying at $12,000, lease to continue until property sold.

Second. Possession to be given on the 1st day of February, 1875, at $50 per month until the 1st of June, 1875, when the lease shall begin and be of full force. The time from the 1st of February to 1st of June, 1875, to be used for furnishing, repairing, and advertising the hotel property.

I am, dear sir, very respectfully,

ALFRED WILLIAMS,
Beaufort, S. C.

$3,000 OFFER BY AGENT LOCKWOOD FOR THE BEAUFORT BANKING HOUSE.

BEAUFORT, S. C., *March* 26, 1877.

R. H. T. LEIPOLD, Esq.,
Of the Commissioners, Washington, D. C.:

DEAR SIR: Having just effected a loan from a relative, I am prepared to offer $3,000 cash for the Beaufort banking-house. This is, I think, $1,400 more than it cost the Freedman's Savings and Trust Company, therefore I do not think any one can say that you are selling the property for less than it is worth. The building is built of oyster-shells and sand, and is at least eighty years old. It needs a new roof immedi-

ately, besides supports to the floors, which are gradually sinking, causing seams to appear in all the walls and ceilings. Some time ago I had two supports placed under one of the floor-sills in the cellar, but I find that they are not sufficient, and that nearly all the sills must be similarly supported. The floor of the building is about 4 feet higher than the level of the sidewalk, which renders it useless for any business but my own or for offices, and, being built of "tobby," it cannot be lowered except at great expense, and I am not certain that it can be done at all. A new fence is also needed, the present one in some places being just ready to fall. I have kept it up by splicing the posts and turning the boards upside down. The large gate entering the yard has entirely rotted away, and I have nailed up the space with slabs.

It was my intention to make this offer when my lease expired, if I could raise the money, but as I have succeeded in this sooner than I anticipated, and as the repairs above mentioned are needed at once, I thought it advisable to make the offer now.

Very respectfully,

WM. H. LOCKWOOD.

P. S. I neglected to mention as another reason for making this offer now, that the building is uninsured, and in view of the unsettled condition of affairs growing out of the excited condition of the contest between the two State governments, I do not think the property should remain unprotected by insurance.

Respectfully,

W. H. L.

COMMISSIONER LEIPOLD'S REPLY TO THE $3,000 OFFER.

OFFICE OF THE COMMISSIONERS OF THE
FREEDMAN'S SAVINGS AND TRUST COMPANY,
Washington, D. C., March 30, 1877.

W. H. LOCKWOOD, Esq., *Beaufort, S. C.:*

SIR: Your offer of $3,000 cash for our banking-house is accepted, conditional, however, that you pay the expenses necessary to secure a good title, under the provisions of the act of Congress approved February 13, 1877, which requires property sold by us to be either sold at public auction, or that such sales, and the terms thereof, be approved by one of the justices of the supreme court of the District of Columbia. The property in question being outside of the jurisdiction of said court, we prefer to resort to a sale at auction. The property should therefore be advertised in your paper for at least a week or ten days, and then sold by an auctioneer.

If at the sale any one bids more than $3,000, it will, of course, have to be sold to him; if not, you can have it at that price. Make it a cash sale, and bid up to $3,000. When sold, please forward proper conveyance for execution. The deed should set out the number of days of the advertisement, the name of the paper, and the fact that it was sold at public auction, in compliance with the act of Congress approved February 13, 1877.

Very respectfully,

R. H. T. LEIPOLD,
Of the Commissioners.

AGENT LOCKWOOD TO COMMISSIONER LEIPOLD.

BEAUFORT, S. C., *April* 7, 1877.

R. H. T. LEIPOLD, Esq.,
Of the Commissioners, Washington, D. C.:

DEAR SIR: Referring to your letter of the 30th ultimo, in reference to the sale of the Beaufort banking-house, I will state that if the property is to be sold at public auction for what it will bring, and I am required to run the risk of its being sold to other parties for more than $3,000 or else bid in excess of that sum myself, it is certainly perfectly fair and just that I should have the right to buy for less than $3,000 if possible; in other words, I want the same privileges at the sale that an outsider will have. The expenses of such sale should, I think, come out of the proceeds, as in other cases where property is sold at auction.

Very respectfully,

W. H. LOCKWOOD, *Agent.*

COMMISSIONER LEIPOLD TO AGENT LOCKWOOD.

OFFICE OF THE COMMISSIONERS OF THE
FREEDMAN'S SAVINGS AND TRUST COMPANY,
Washington, D. C., April 13, 1877.

WM. H. LOCKWOOD, Esq., *Beaufort, S. C.:*

SIR: In reply to yours of the 7th instant, we have to say that we are not willing to sell the Beaufort banking property to any one "for what it will bring."

If you had not made us an offer, we had no intention of putting it up for sale at this time.

It is only in the event of any one bidding more than $3,000 that you were informed the property would have to go to the purchaser.

The expenses of advertising and sale ought not to exceed $25, and if they do not we will bear them.

Very respectfully,

R. H. T. LEIPOLD,
Of the Commissioners.

AGENT LOCKWOOD TO COMMISSIONER LEIPOLD.

BEAUFORT, S. C., *April* 18, 1877.

R. H. T. LEIPOLD, Esq., *Of the Commissioners, Washington, D. C.:*

DEAR SIR:

* * * * * * *

Respectfully,

WM. H. LOCKWOOD.

P. S. I have decided to postpone the purchase of the bank building for the present.

COMMISSIONER LEIPOLD TO AGENT LOCKWOOD.

OFFICE OF THE COMMISSIONERS OF THE
FREEDMAN'S SAVINGS AND TRUST COMPANY,
Washington, D. C., April 25, 1877.

WM. H. LOCKWOOD, Esq., *Beaufort, S. C.:*

SIR: Yours of the 18th instant, with inclosure, received. Colonel Bisbee has sent us the necessary information in the Allan & Farrar matter. As regards the Calvert property, I will advise you as soon as the other commissioners can be consulted. We are about to effect an arrangement whereby we shall be enabled to obtain the approval of one of the judges of the supreme court of the District of Columbia to all our sales, and thus give valid conveyances to properties sold by us, whether within the jurisdiction of this court or not. If, therefore, your decision to postpone the purchase of the bank building at Beaufort rests upon the alleged necessity of a public sale, we can avoid that and get the approval of a judge. What do you say?

Very respectfully,

R. H. T. LEIPOLD,
Of the Commissioners.

COMMISSIONER LEIPOLD TO AGENT LOCKWOOD.

OFFICE OF THE COMMISSIONERS OF THE
FREEDMAN'S SAVINGS AND TRUST COMPANY,
Washington, D. C., October 20, 1877.

W. H. LOCKWOOD, Esq., *Beaufort, S. C.:*

SIR: We inclose copies of certain correspondence relative to the Beaufort Bank property recently purchased by you. If it is true that Beaufort parties were willing to pay $5,000 for the property at the time your offer of $3,000 was made and accepted, it looks very much as if our interests at Beaufort were not properly guarded. The mere assertion that we sold the property to our *own* agent for $3,000, when we could have obtained $5,000 from other parties, is productive of mischief, and, when taken in connection

with our request to have the property advertised prior to the sale, and your refusal to purchase on those terms, it looks bad. We should be pleased to hear from you on this subject.

Very respectfully,

R. H. T. LEIPOLD,
Of the Commissioners.

DEFENSE OF AGENT LOCKWOOD TO COMMISSIONER LEIPOLD.

Beaufort, S. C., October 27, 1877.

R. H. T. LEIPOLD, Esq.,
Of the Commissioners, Washington:

DEAR SIR: Your favor of the 20th instant, containing copies of certain correspondence relating to the sale of the bank property, is at hand, and in reply I beg leave to refer you to the inclosed copy of a letter addressed by me to Mr. Scheper and his reply thereto, in which he states that *he never made* me an *offer* of *any kind* for the above property, or had any conversation with me as to its value, and that in view of the condition of the place at time of sale it was well sold at $3,000.

This statement of Mr. Scheper's will, I think, set me right in this matter, but in order to settle the question finally, and remove *all* suspicion from your mind that I have deceived you with reference to the value of the property, I will add that *no person has ever made me an offer for it, or even inquired as to its value*, or the price for which you would be willing to sell, although it was well known to every citizen that the place was for sale, as I had had for a long time special "bills of sale" printed on large green cards and tacked to the building. As a further proof that I acted in a perfectly conscientious manner, I will remark that previous to making you the offer of $3,000, I informed Mr. George Holmes, who is the largest owner of real estate in Beaufort, that I desired to purchase the bank property and asked his advice as to what would be a fair price to offer, and his reply was "$3,000 is all it is worth." In addition to this I have heard him remark that the property would not bring more than $2,500 if put up at public auction. Mr. Holmes is now absent at the North, otherwise I would send you a statement to this effect over *his own* signature, as I have done in Mr. Scheper's case.

You will notice from the inclosed paragraph, copied from the Beaufort Tribune, that Robert Smalls has sold his property on Bay street for $3,500. This property is located diagonally opposite the bank, has a valuable wharf, large lot, building of brick same size of mine, and in perfect repair, Mr. Smalls having declared to me quite recently that he had expended over $2,000 in repairs during the last two or three years. Moreover, he holds the "original titles," which always enhance the value of property in the same poportion in which the absence of such titles depreciates value, and yet, notwithstanding this and the fact that he at one time, while a Congressman, tried to sell this identical piece of property to the United States Government for the enormous sum of $20,000, he now disposes of it for $3,500.

While Mr. Smalls' building is built of brick, is not more than twenty years old, and in perfect repair, mine is constructed of oyster shells and cement, is over one hundred years old, and at the time I purchased it in a most dilapidated condition; and in addition to this difference between the two places, Mr. Smalls had a very valuable wharf-site, and held "original titles," while I only hold tax titles, and even the conveyance received from the commissioners is so worthless that I have not taken the trouble to put it on record, nor is it my intention to do so.

The bank building has undergone extensive repairs, the extent of which you may infer when I state that even the window-sills on one side of the house had rotted away and had to be replaced with new ones, also the pillars and main plates of the piazzas. The new tin roof alone cost nearly $300. But I do not think you care for a detailed statement of the repairs made, as a simple comparison of this property with that owned by Mr. Smalls must convince you that, in the language of Mr. Scheper, it has been well sold, for you have received $3,000 in cash for that which only cost the Freedman's Bank $1,650, and that I have not acted in such utter disregard of the interests of the company I represent as your letter intimates.

I am conscious of the fact that it is your duty to take notice of charges preferred against those connected with the company when presented by *reliable* persons, and taking this view of it I cheerfully render the foregoing explanation; but I must protest against Mr. Smalls being accepted as a reliable informant, for he certainly does not possess that qualification in the community where he is known. As an instance of his want of veracity I call your attention to similar charges which he made some time ago, with reference to the "Collins property," and when I charged him with having falsified the matter, he replied with an oath that it was a lie, that he never told the commissioners any such thing.

Mr. Smalls is now under indictment and out on bail for having received a bribe of

$5,000 from the clerk of the State senate for voting for a measure in which said clerk was interested, and the identical check which Woodruff, the clerk, swears he gave him is produced, also the books of a Columbia bank showing a credit of that amount to Smalls at that time.

I understand that Mr. Smalls will try to prove that the $5,000 he deposited was drawn from the Freedman's Bank, and that he has made or will make an application for certain books in your office to prove that he never received a bribe. Allow me to say that if he will go a little further back in his examination of the records of the Freedman's Bank, he will find that some time during the winter of 1874–'75 you authorized me to proceed to Columbia and endeavor to secure the passage of a bill to pay the claims which the bank held against the State, and that he, while a member of the senate of said State, in connection with a representative from Beaufort, demanded of me one-third (33⅓ per cent.) of the total amount of the claim, provided he was successful in putting the bill through, and this in view of the fact that the proceeds would go to members of his own race and a portion of it to his own constituents in Beaufort. What a philanthropist! I pity the poor depositors of the Freedman's Bank had such as he a hand in its management.

Two days before Mr. Smalls left for Washington he applied to me for a loan of $2,000 for the purpose of raising funds to retain counsel to defend him in the approaching trial for bribery, which comes off in Columbia next week. I could not spare the money, although I had frequently advanced small sums to him during the summer, and I understand he was indignant thereat, the result being the recent charges made against me.

Hoping this explanation will prove satisfactory,

I remain, yours respectfully,

WM. H. LOCKWOOD, *Agent.*

INCLOSURES IN AGENT LOCKWOOD'S DEFENSE.

[Inclosure No. 1.]

W. H. LOCKWOOD TO F. W. SCHEPER.

BEAUFORT, S. C., *October* 25, 1877.

F. W. SCHEPER, Esq.,
Beaufort, S. C.:

DEAR SIR: Will you please inform me whether you have ever offered me, directly or indirectly, $5,000, or any other sum, for the bank property, or intimated to me in any manner your desire to purchase it, or had any conversation with me whatever as to its value before it was purchased by me for the commissioners of the Freedman's Savings and Trust Company? Furthermore, do you not believe that in view of the condition of the property at the time it was purchased, its general want of repairs, the uncertainty of tax-titles, &c., that $3,000 was a fair offer for the place, and that the extensive repairs and improvements made since it came into my possession have greatly enhanced the value of the property?

Very respectfully,

WM. H. LOCKWOOD.

[Inclosure No. 2.]

F. W. SCHEPER TO W. H. LOCKWOOD.

BEAUFORT, S. C., *October* 26, 1877.

WM. H. LOCKWOOD,
Beaufort, S. C.:

DEAR SIR: In reply to yours of the 25th instant, in which you inquire "whether you have ever offered me, directly or indirectly, $5,000, or any other sum, for the bank property," I have this to say: that I never made any offer of any kind to purchase said property of the commissioners; neither have I any recollection of any conversation with you in regard to the value of the property.

The uncertainty of tax-titles and the cloud resting over this particular piece of property under the circumstances was well sold at $3,000. The extensive repairs needed at the time of sale necessarily reduced its value.

I am, dear sir, very respectfully,

F. W. SCHEPER.

[Inclosure No. 3.]

ITEM IN THE BEAUFORT TRIBUNE OF OCTOBER 18, 1877.

The property of Robert Smalls, on Bay street, consisting of the building in which the Tribune is published and the lot on which it stands, was bought by Mr. E. A. Scheper for $3,500 last week. This is a considerably lower value than was placed upon the property by Mr. Smalls when he tried to get the United States to buy it for government purposes and pay some $20,000 for it.

PROPOSITION TO PURCHASE THE SEA ISLAND HOTEL.

R. H. GLEAVES TO ROBERT PURVIS, COMMISSIONER.

BEAUFORT, S. C., *September* 6, 1878.

Hon. ROBERT PURVIS,
Commissioner of Freedman's Savings and Trust Company, Washington, D. C.:

DEAR SIR: I have the honor to inform you I will leave for Washington within a week or ten days from date, for the purposes, first, to consult with you personally; secondly, to make a proposition to the commissioners of the Freedman's Savings and Trust Company in reference to the purchase of the Sea Island Hotel, at Beaufort, S. C.

As stated above, I desire to consult with you first before mentioning the matter to the full board. I am satisfied I have obtained a competent and reliable purchaser for that piece of property.

You will please continue to hold my correspondence to you in reference to this matter strictly confidential until I see you or you hear from me again, and oblige.

The parties in question desire to deal directly with the commissioners and not through their agent, if it is possible so to do.

I will be empowered and authorized to arrange all matters for them before the commissioners in the purchase, &c.

Yours, very respectfully,

R. H. GLEAVES.

P. S.—My residence in Washington is No. 1416 Seventeenth street northwest.

G.

AGENT LOCKWOOD TO COMMISSIONER LEIPOLD.

AS TO SEA ISLAND HOTEL.

BEAUFORT, S. C., *September* 14, 1878.

R. H. T. LEIPOLD,
Of the Commissioners, Washington, D. C.:

DEAR SIR: I have an inquiry as to the lowest price at which you will sell the Sea Island Hotel. It may not amount to anything; but, again, it may lead to a sale of the property. Therefore I would suggest that you fix the price as low as you believe you would be warranted in selling it at.

Very respectfully,

W. H. LOCKWOOD, *Agent.*

Captain Blake Turner insists that he has an account with this branch and that his book is lost. Please see if this be so, and, if necessary, send a blank bond of indemnity.

L.

[Telegram.]

COMMISSIONER LEIPOLD TO AGENT LOCKWOOD.

WASHINGTON, D. C., *September* 17, 1878.

W. H. LOCKWOOD,
Beaufort, S. C.:

Can you make us an offer for the hotel? If not, will accept the one we have. Answer.

R. H. T. LEIPOLD.

[Telegram.]

AGENT LOCKWOOD TO COMMISSIONER LEIPOLD.

BEAUFORT, S. C., *September* 17, 1878.

COMMISSIONERS, *Washington, D. C.:*

Not being informed of your price, parties decline to make an offer.

WM. H. LOCKWOOD.

[Telegram.]

AGENT LOCKWOOD TO COMMISSIONER LEIPOLD.

BEAUFORT, S. C., *September* 18, 1878.

COMMISSIONERS, *Washington, D. C.:*

Parties here decline to make an offer. They say price entirely too high. Have written.

WM. H. LOCKWOOD.

[Telegram.]

HON. ROBERT SMALLS TO COMMISSIONERS.

BEAUFORT, S. C., *September* 18, 1878.

COMMISSIONERS OF FREEDMAN'S BANK,
Washington:

Has the hotel been sold? If not, parties want to purchase. What is the lowest price and best terms? Answer.

ROBT. SMALLS.

[Telegram.]

COMMISSIONER LEIPOLD TO HON. ROBERT SMALLS.

OFFICE OF THE COMMISSIONERS OF THE
FREEDMAN'S SAVINGS AND TRUST COMPANY,
Washington, D. C., September 18, 1878.

Hon. ROBERT SMALLS,
Beaufort, S. C.:

Asking price $16,000. What do you offer?

R. H. T. LEIPOLD,
Commissioner.

[Telegram.]

COMMISSIONER LEIPOLD TO AGENT LOCKWOOD.

WASHINGTON, D. C., *September* 18, 1878.

W. H. LOCKWOOD,
Beaufort, S. C.:

Asking price $16,000. What do you offer? Answer.

R. H. T. LEIPOLD,
Commissioner.

AGENT LOCKWOOD TO COMMISSIONER LEIPOLD.

BEAUFORT, S. C., *September* 18, 1878.

R. H. T. LEIPOLD, Esq.,
Of the Commissioners, Washington, D. C.:

DEAR SIR: I have your telegrams of yesterday and to-day in reference to the Sea Island. If you can get $16,000 for the hotel, I advise you to *sell at once*, but I am in-

formed that parties here have obtained the refusal of the property for five days at $12,000, one-third cash and balance in one and two years. The party, I understand, left last night for Charleston to endeavor to raise an additional $2,000, they having only that amount in cash with which to pay up the cash portion. The parties that asked me about the price are in every way *responsible*, worth several times over the value of the entire property. They propose to organize a company, pay cash for the property, and make extensive additions, but one or two parties who were interested being absent from town, and as an immediate answer was demanded, no offer could be made. This, in brief, is a history of my efforts to sell the hotel. No doubt you have been told that I am interested in the place, and for that reason have doubtless refrained from counseling me with reference to the present negotiations, but I will state that my interest only extends to the furniture, in which I have a half-interest with another party, and am fully secured by previous payments no matter who gets the property. I have been asked to join the proposed company, but positively declined, no matter what the property sold for. If you make a sale to the present parties from Beaufort, I trust a second sale under foreclosure may not be necessary.

Very respectfully,

W. H. LOCKWOOD.

May I ask that this letter be considered as confidential?

SALE EFFECTED OF SEA ISLAND HOTEL PROPERTY.

COMMISSIONER LEIPOLD TO AGENT LOCKWOOD.

OFFICE OF THE COMMISSIONERS OF THE
FREEDMAN'S SAVINGS AND TRUST COMPANY,
Washington, D. C., September 19, 1878.

WM. H. LOCKWOOD, Esq.,
Beaufort, S. C.:

SIR: We have effected a sale of the "Sea Island Hotel" property for $12,000; one-third cash, the balance in one and two years. In order to have the sale confirmed by the courts it is necessary that we should obtain the affidavit of some disinterested party that the price for which it was sold was fair and reasonable, and as much as it would bring if sold at auction. You will bear in mind that it was bought in by us at auction for $9,800. We will thank you to forward us such a paper by return mail so that we may make out our petition, &c.

Very respectfully,

R. H. T. LEIPOLD,
Of the Commissioners.

P. S.—You might supplement this affidavit by one of your own.

CERTIFICATE AS TO VALUE OF SEA ISLAND PROPERTY.

AGENT LOCKWOOD TO COMMISSIONER LEIPOLD.

BEAUFORT, S. C., *September* 25, 1878.

R. H. T. LEIPOLD, ESQ.,
Commissioner, &c.:

SIR: In compliance with your request contained in letter of the 19th inst., I forward herewith a certificate of the value of the Sea Island Hotel, signed by several of the largest real-estate owners in the town. All but one, however, declined to certify that the property in their judgment was worth more than $10,000, and he owns the adjoining property.

Respectfully,

WM. H. LOCKWOOD, *Agent.*

As a matter of justice to myself, I will state that Mrs. Odell informs me that she conducted the negotiations looking to the purchase of the property directly with the commissioners, because she was advised by the party who acted for her in the matter that she would be able to get the property cheaper if she applied direct to you than if I was allowed to conduct the negotiation.

L.

We, the undersigned citizens of and real-estate owners in the town of Beaufort, do hereby certify that we are acquainted with the property known as the Sea Island Hotel, located in the town of Beaufort, and belonging to the commissioners of the Freedman's Savings and Trust Company, of Washington, D. C., and that in our judgment twelve thousand dollars ($12,000) is a fair price for the property.

H. G. JUDD.

We do not consider the above property worth more than $10,000.

S. M. WALLACE.
S. MAYO.
F. W. SCHEPER.
GEORGE WATERHOUSE.
M. SALLITZER.

AN OFFER FOR THE SEA ISLAND PROPERTY.

ALFRED WILLIAMS TO THE COMMISSIONERS.

[Of no date.]

To the COMMISSIONERS FREEDMAN'S SAVINGS AND TRUST COMPANY,
Washington, D. C.:

GENTLEMEN: I make the following offer for the Sea Island Hotel, upon condition that I be put in possession November 1, 1875:

I will give for the above-named hotel, located at Beaufort, S. C., the sum of $15,000, payable as follows: $2,000 upon taking possession; $3,000 on the 1st of January, 1876; $5,000 on the 1st of January, 1877; and $5,000 1st of January, 1878, with interest at the rate of 7 per cent. per annum.

I am, gentlemen, very respectfully,

ALFRED WILLIAMS.

[The copy of above letter is indorsed "of no date," but received in September, 1875.]

COMMISSIONER LEIPOLD TO ALFRED WILLIAMS.

OFFICE OF THE COMMISSIONERS OF THE
FREEDMAN'S SAVINGS AND TRUST COMPANY.
Washington, D. C., September 25, 1878.

ALFRED WILLIAMS, Esq.,
Newark, N. J., care of Assistant Postmaster:

SIR: The Sea Island Hotel at Beaufort, S. C., having been leased for two years to its present occupant, we cannot consider your recent offer of $15,000, since we could not put you in possession of it within the time specified in said offer, even if it were found to be otherwise satisfactory.

Respectfully,

R. H. T. LEIPOLD,
Of the Commissioners.

COMMISSIONER LEIPOLD TO AGENT LOCKWOOD.

OFFICE OF THE COMMISSIONERS OF THE
FREEDMAN'S SAVINGS AND TRUST COMPANY.
Washington, D. C., October 4, 1878.

W. H. LOCKWOOD, Esq.,
Beaufort, S. C.:

SIR: We are considerably surprised and annoyed at the intelligence which has reached us concerning your conduct in the matter of the Sea Island Hotel (see inclosure). We have hitherto had every confidence in your efforts to do the best you could for the interests of the Freedman's Savings and Trust Company, as you were also in honor bound to do, being in its employ and paid out of its funds, but it looks now as if in this matter you have acted anything but properly, and an immediate explanation is respectfully demanded. We had already noticed from your letters a more than

usual sensitiveness on your part concerning this matter, and as we had made a fair sale of the property it was difficult for us to understand it.

If the parties chose to deal with us direct, and we acting upon information already in our possession chose to deal directly with them, they and we had a perfect right so to do. It was their and our prerogative, and there is no need of your feeling insulted about it, or having any feeling on the subject whatever.

If you stated to Mrs. Odell after the sale was consummated, as alleged, that you could have gotten the property for $10,000, you stated not only what was highly improper considering your relations with us, but what was untrue. Did we ever convey to you that we were ready to sell for $10,000 or even for $12,000, and if we did and sold for $12,000, was it for you to mention that fact and create dissatisfaction and distrust? As for making $2,000 clear, did not the hotel cost the bank over $30,000? Where does the profit come in? But $10,000 profit would not justify you to make any such statement. The proceeds belonging to the unfortunate creditors of the concern, you ought to be glad if something should yield a profit.

As for the threats of Mr. Kingman to resist the transfer of the property we have only this to say: we will submit to no trifling. Under date of the 17th ultimo we expressed ourselves upon the subject of the rents, and we shall now insist that the rents for the hotel from and after the 1st instant shall be $100 per month. This is in accordance with the terms of the lease, which we are advised Kingman claims still subsists.

If it subsists he must comply with it. It is an instrument under seal, &c. The temporary and conditional reduction of the rent was the act of but one of the commissioners, and does not in the least affect the lease itself.

In fact, the very letter consenting to a temporary reduction provides that it shall not affect the lease.

By its very terms the lease while it subsists inures to our assigns, and it contains a distinct provision that in case of sale the tenant shall vacate upon a sixty days' notice in writing.

If the lease does not subsist, and we claim it was terminated on the 31st of July last, Kingman is a tenant by sufferance and is bound to vacate upon a proper legal notice.

We think it would be far better for Mr. Kingman to come to terms with Mrs. Odell, and it is our desire that you do all you can to effect as early as possible the peaceful transfer of the property.

We shall write Mrs. Odell to-day, and send her our copy of Kingman's lease, and we want you to aid her all you can. If you cannot consistently do this, please telegraph us.

Very respectfully,

R. H. T. LEIPOLD,
Of the Commissioners.

AGENT LOCKWOOD TO COMMISSIONER LEIPOLD.

BEAUFORT, S. C., *October* 10, 1878.

R. H. T. LEIPOLD, Esq.,
Of the Commissioners, Washington, D. C.:

SIR: I am in receipt of your letter of the 4th, containing a *partial* copy of a letter written by some person in Beaufort in the interest of Mrs. Odell, and in answer to your request for an explanation of my conduct with reference to Mrs. Odell's getting possession of the hotel, I will endeavor to make the whole matter plain to you, and in doing so I shall deal with facts and use plain but I trust respectful language.

In the first place, allow me to remark that you would have had no hotel to sell but for my action in raising $4,500 on *my own personal responsibility*, and thus preventing the property from being gobbled up by a ring, and it is owing entirely to my individual efforts that the hotel has been open from that day to the present time. This has given it a reputation, and has finally resulted in your effecting a sale for twelve thousand dollars ($12,000) of a piece of property which four years ago was knocked down to me, as your agent, at public auction for $6,500. I merely mention this as showing whether I have had the interests of the Freedman's Savings and Trust Company at heart.

You say that Mrs. Odell had a perfect right to negotiate directly with the commissioners for the purchase of the property, and that I had no right to feel insulted, or, indeed, have any feelings whatever in the matter. Allow me to differ with you. Mrs. Odell had the right to deal directly with you; but when those negotiations were conducted with the utmost secrecy, both by Mrs. Odell and the commissioners, and special pains taken to keep the matter from coming to my attention, it was perfectly natural that I should regard the matter as a reflection upon me as your agent. I was not insulted at all and never said so. I only claim that any one in my position, yourselves

included, would have felt just as I did. It was not the fact of the negotiations being conducted directly with you that I object to, but the manner of conducting them. Proof of the mysterious character of the negotiations is seen in the fact that you send me a copy of a letter containing charges against me, but do not give the name of the writer. Do you regard this as treating me fairly? I now ask to be furnished with the name of the writer of that communication.

With reference to the charge of obstructing Mrs. Odell in her attempt to get possession of the property, I will simply say *it is false*, as is the statement that I could have bought the property for myself for $10,000, and wanted to do so. I will simply relate what actually took place and what I did say. On receiving your letter to forward affidavits as to the value of the hotel I called at her store and stated to her that I had been requested by you to forward certain papers, and I simply desired to know if the sale was completed; otherwise I could wait until it was. She assured me that she had bought the hotel, whereupon I started to leave and reached the door, when she called to me and began an apology for not consulting me; that she had always looked upon me as a friend, and felt real mean about it, &c., but that she trusted entirely to her friend, who advised that the property could be bought so much cheaper by going direct to the commissioners. I said that it was well known that I could not sell the property or even fix the price, the extent of my powers being to forward offers and make recommendations; and, by way of illustration, I said that if she had made an offer of $10,000, and if I had recommended its acceptance, I believed the commissioners would have sold.

I also said you had sold the property well and done a good thing. *I did not say* that you had made $2,000 clear, as the remark would have been extremely foolish; nor that I could have bought for $10,000. No ugly things were said, and I was not in a passion. I called upon her on a matter of business and acted gentlemanly during the interview.

Mr. Clancy, her brother, came in the bank one day and asked about the insurance, how much there was on the property. I said, "I don't know," and he went out without asking another question. *It is false* to say that I would give no information whatever. *You know* that I could not give the information, for I knew no more about it than Mrs. Odell herself.

As to the joint stock company and my desire as one of the stockholders to buy the hotel for $10,000, I assert that another falsehood has been told. No company has been organized; but it was proposed that if the property could be purchased reasonably to form one and make the purchase. I can easily prove, if I had time to prepare affidavits, that I emphatically declined having anything to do with the matter.

The day your letter was received Mrs. Odell happened in the bank, and I confronted her with the copy of the letter received from you, and demanded the author. She refused to give the name, and referred me to you. I then told her that the letter was false, except as to what I have hereinbefore referred to as having actually taken place. I said, "Mrs. Odell, what ugly things did I say to you, and in what manner have I prevented you getting possession of the hotel." She replied, "It was *ugly* in you to say what you did about the commissioners making a good thing off me, and I regarded your not telling John (her brother) about the insurance as an attempt to hinder me from taking possession.

This is all the foundation that exists for Mrs. Odell's letter to you. I have given you the actual facts, and you can readily see how they have been manipulated and magnified. So far from placing obstructions in the way of her getting the property, I have really facilitated it. The affidavits as to the value of the hotel were prepared and forwarded the same day that your letter asking for them was received, and on the same morning that the papers arrived I took them to Mrs. Odell, and by her request to her attorney, Mr. Elliott, who now has them.

I do not anticipate any trouble about Mrs. Odell getting possession. Kingman has agreed to lease the premises for three years, at $125 per month. The papers have been drawn, and will be executed to-morrow.

If this explanation is satisfactory, please say so; if it is not, my resignation as agent is herewith respectfully tendered.

Respectfully,

WM. H. LOCKWOOD, *Agent.*

AN ABSTRACT OF THE SEVENTH ANNUAL REPORT

OF THE

FREEDMAN'S SAVINGS AND TRUST COMPANY,

Made to the board of trustees, at Washington, D. C., March 14, 1872.

The condition of the company is shown by the following tables:

TABLE I.—*Showing the location of the branch offices of the company, the date of opening of each, and the balance due depositors at the end of each fiscal year since* 1870.

Branches.	Date of organization.	March, 1870.	March, 1871.	March, 1872.
Atlanta, Ga	Jan. 14, 1870	$8,371 94	$23,396 65	$23,632 57
Augusta, Ga	Mar. 8, 1866	35,728 10	54,534 73	72,482 87
Baltimore, Md	Mar. 12, 1866	111,240 27	143,339 68	212,588 79
Beaufort, S. C	Oct. 16, 1865	71,311 74	65,116 22	46,480 92
Charleston, S. C	Jan. 11, 1866	132,059 63	205,463 65	291,018 42
Chattanooga, Tenn	May 10, 1869	3,486 85	8,534 50	328 41
Columbus, Miss	Aug. 1, 1870	.....	9,484 57	14,432 38
Columbia, Tenn	—— —, 1871	.....	.....	16,879 55
Huntsville, Ala	Dec. 11, 1865	18,858 50	29,521 22	45,946 89
Jacksonville, Fla	Mar. 10, 1866	59,395 03	74,696 55	83,623 82
Lexington, Ky	Oct. —, 1870	.....	15,514 36	37,279 27
Little Rock, Ark	Nov. 25, 1870	.....	6,853 59	22,469 83
Louisville, Ky	Sept. 1, 1865	86,753 75	105,494 26	127,404 33
Lynchburg, Va	June —, 1871	.....	.....	12,741 73
Macon, Ga	Oct. 14, 1868	17,828 38	22,300 20	39,721 43
Memphis, Tenn	Dec. 30, 1865	71,731 91	87,268 17	134,884 77
Mobile, Ala	Jan. 1, 1866	64,950 83	82,269 37	106,741 39
Montgomery, Ala	June 14, 1870	.....	12,955 11	27,414 00
Natchez, Miss	Mar. 29, 1870	.....	14,068 50	21,101 73
Nashville, Tenn	Oct. 28, 1865	59,852 19	70,146 25	101,342 10
New Berne, N. C	Jan. 11, 1866	49,728 19	48,444 07	60,262 13
New Orleans, La	Jan. 7, 1866	152,243 47	200,662 81	255,260 79
New York City	July 21, 1866	34,689 03	138,180 61	337,911 92
Norfolk, Va	June 3, 1865	89,206 76	105,536 30	123,447 01
Philadelphia, Pa	Jan. 4, 1870	10,691 31	43,595 66	73,624 39
Raleigh, N. C	Jan. 9, 1868	13,479 44	15,318 19	19,459 82
Richmond, Va	Oct. 13, 1865	53,701 93	84,992 99	130,984 30
Savannah, Ga	Jan. 11, 1866	91,600 17	128,211 64	134,087 17
Shreveport, La	Nov. 15, 1870	.....	8,405 60	31,710 81
Saint Louis, Mo	June 27, 1868	25,938 36	55,031 11	66,173 38
Tallahassee, Fla	Aug. 22, 1866	25,461 38	24,917 85	44,221 89
Vicksburgh, Miss	Dec. 3, 1865	137,012 72	120,858 69	155,946 29
Washington, D. C	Aug. 1, 1865	207,964 95	418,687 01	760,797 12
Wilmington, N. C	Oct. 24, 1865	23,719 31	32,036 00	51,689 94
Total		1,657,006 75	2,455,836 11	3,684,739 97

TABLE II.—*Showing the relative business of the company for each fiscal year.*

Years.	Total amount of deposits.	Deposits each year.	Balance due depositors.	Gain each year.
1866	$305,167 00	$305,167 00	$199,283 42	$199,283 42
1867	1,624,853 33	1,319,686 33	366,338 33	167,054 91
1868	3,582,378 36	1,957,525 03	638,299 00	271,960 67
1869	7,257,798 63	3,675,420 27	1,073,465 31	435,166 31
1870	12,605,781 95	5,347,983 32	1,657,006 75	583,541 44
1871	19,952,947 36	7,347,165 41	2,455,836 11	798,829 36
1872	31,260,499 97	11,281,313 06	3,684,739 97	1,227,927 67

TABLE III.—*Showing the amount of interest paid by the company.*

From organization to January 1, 1867	$1,985 47	
For the year ending January 1, 1868	9,521 60	
For two terms ending November 1, 1868	24,544 08	
For the year ending November 1, 1869	43,896 98	
For the year ending November 1, 1870	59,376 20	
For the term ending March 1, 1871	20,840 32	
For two terms ending January 1, 1872	122,215 17	
Total		$262,379 82

TABLE IV.—*Showing the assets and liabilities of the company.*

Assets are as follows: 5-20 bonds of United States	$78,250 00	
Currency 6's of United States	684,000 00	
Premium on above bonds	105,944 93	
Securities of city of Washington, D. C., legalized by act of Congress	103,854 86	
Northern Pacific Railroad bonds (guaranteed)	39,100 00	
Accrued interest on same	809 60	
Loans on real estate and collaterals	1,810,842 17	
Cash at First National Bank	73,876 24	
Real estate, and other property	447,777 37	
Cash at the branches	338,102 01	
Sundry account—drafts for collection	13,951 04	
Total assets		$3,696,508 22
Liabilities—due depositors		3,684,739 97
Surplus		11,768 25

Above is presented the seventh annual report of this company. The year has been a prosperous one. The gain in deposits has been $1,227,927.67, being an increase of 50 per cent. on the balance due depositors at the close of the present year.

There are no stockholders in this company, and all the profits, over and above expenses, go at each interest day to the credit of the depositors as interest. The rate the past year has been 6 per cent., and the amount paid since March, 1871, has been $122,215.17. The past history of the bank is a matter of just pride to all—trustees and depositors alike—and its future is full of promise. Before the next annual meeting we shall be able to report $5,000,000 due depositors.

CIRCULARS ISSUED BY FREDERICK DOUGLASS,

FORMER PRESIDENT OF THE FREEDMAN'S SAVINGS AND TRUST COMPANY.

[Circular No. 1.]

[Without date.]

To the depositors of the Freedman's Savings and Trust Company:

The recent legislation of Congress, so amending the charter of the Freedman's Savings and Trust Company as to place the institution upon a broader and firmer basis and give to its trustees a larger measure of discretion and control of its management, may be well enough made the occasion for a brief statement of facts and circumstances which have a bearing upon the legislation in question and upon the future existence and success of the Freedman's Bank.

It is very evident that Congress was animated in its legislation by a generous desire to conserve and strengthen an institution of known usefulness to the people in whose interest it was created.

In regard to the condition of this corporation, certain facts have already come to public knowledge through the publication of the report of Mr. Meigs, the bank examiner.

It is not necessary to disguise or explain away by false processes the facts therein stated. It is known that on the 1st of January, 1874, our liabilities exceeded our assets to the extent of $217,000, and it is also known that nothing has occurred since

that time to materially diminish the space between these assets and liabilities, though it is due to state that several considerable loans which were supposed at the time the report was made to be bad, have turned out to be good loans.

This deficit, now admitted and never denied by the undersigned, is very easily accounted for, and it may serve a good purpose to state the cause of its existence.

First. The managers of the "Freedman's Savings and Trust Company" have unfornately endeavored to make the Freedman's Bank compete with older and better-established institutions of the kind in attracting and securing a large amount of deposits, by holding out the inducement of a larger percentage of interest than was warranted by the earnings of the bank.

Of course any corporation, nation, or family which spends more than it earns will in due time find its coffers exhausted.

Second. Another cause of this deficit of $200,000 is found in the fact that the former managers of the Freedman's Savings and Trust Company undertook to do too much work in another direction; impressed as they were with the sense of the many benefits of savings institutions among the freedmen of the South, they were tempted into a sort of banking missionary movement.

They started, established, and supported branches of the institution in remote places in the Southern States, and where it was almost impossible that they could become speedily self-sustaining.

Third. It cannot be doubted that a third cause has in a large measure operated against the success of the Freedman's Bank, and this cause happens to be one which it is most difficult to deal with,—because it is inherent in the enterprise itself,—and one which no wisdom that the managers of the bank can exercise can counteract or remove.

This institution conspicuously and pre-eminently represents the idea of progress and elevation of a people who are just now emerging from the ignorance, degradation, and destitution entailed upon them by more than two centuries of slavery. A people who are hated not because they have injured others but because others have injured them. This feeling of caste, this race malignity, has naturally enough taken about the same offense at the Freedman's Bank as it did at the existence of the Freedman's Bureau. It is as desirous to destroy the former as it was to destroy the latter.

Fourth. Still another and greater source of evil has been the senseless runs made from time to time upon the bank. These have compelled the withdrawal of large sums of money from very safe and profitable investments, and diverted the regular business of the bank from making money for its depositors to the work of obtaining the means of meeting the demands of these disastrous panics. The Freedman's Bank has been subjected to no less than three of these raids during the last eighteen months. The run made upon the bank by the failure of Jay Cooke & Co. cost us not less than $50,000, and required the withdrawal of a half million of dollars from safe and profitable investments. Add to these causes the general prostration of business, the great loss of confidence to all moneyed institutions, the disturbed condition of affairs, especially in the District of Columbia, where most of our loans have been made, and you will easily understand why the Freedman's Bank is now under a heavy strain and found it necessary to seek protection in the recent amendments to its charter. In respect to the future of the bank some of the main sources of danger and ruin have been entirely removed. The trustees, governed by an increasing concern for the safety of their depositors rather than for large profits in the way of interest, have abandoned their unwise competition with others in the offer of a high percentage of interest, and have now resolved to pay only such a rate as the net earnings of the bank will warrant them in paying. They have also given up their wild and visionary schemes of banking, and have abandoned the policy of establishing branches in remote corners of the country. They will now establish none where there is not a very strong likelihood of their becoming self-sustaining. Not only have they discarded the policy of extension, they have adopted the policy of closing up as speedily as is convenient and practicable the non-paying branches now in operation. They are not only for decreasing the number of branches but also the number of employés, and for reducing the salaries of their agents to the lowest point consistent with securing the services of good men. With this retrenchment in expenses, with wise and vigorous management, and with the returning confidence of our people, it is believed that the Freedman's Savings and Trust Company, which has already been a powerful instrument in promoting the moral, social, and intellectual welfare of our people, will survive and flourish despite the machinations of its enemies.

The effect of the legislation recently enacted upon the bank will naturally inspire confidence. It is indirectly a strong indorsement of the honesty and ability of the trustees of the institution. It puts the destiny of the Freedman's Savings and Trust Company more completely than heretofore within their power and discretion. It devises an honest method of keeping the institution in continued and successful operation, while it at the same time enables it to accomplish all the objects usually sought in suspension. It completely divorces the past from the present and future; it sepa-

rates the old from the new, and allows the dead past to bury its dead; it aims to protect the new depositor from all the mistakes and misfortunes connected with the management and past condition of the bank. For the interests of the old depositors it enables the trustees to hold their securities as long as may be necessary to reap the full amount of interest they are capable of drawing, and then allows the trustees to fill up the chasm which may exist between assets and liabilities. It puts it in the power of the officers and agents of the Freedman's Savings and Trust Company to say with confidence and truth to all our old depositors, give us time and we will pay you every dollar due you from the company. To the new depositors it enable us to say with even more confidence, you may deposit with safety and profit. You are neither affected by past losses nor past mismanagement. Your money shall not be in any way mixed up with the old nor taken to pay old debts. It shall be held as special and invested for your special benefit.

In one aspect this bill may be said to place the old bank in liquidation while it at the same time creates a new one. It preserves the old body but infuses it with new life, and gives it a better assurance of continued existence. What is now needed is wisdom, courage, skill, and determination. With these the Freedman's Savings Bank may be made not only a success in itself, but a grand means of success to the colored people of the South, to whom it has already taught important lessons of industry, economy, and saving.

The history of civilization shows that no people can well rise to a high degree of mental or even moral excellence without wealth. A people uniformly poor and compelled to struggle for barely a physical existence will be dependent and despised by their neighbors, and will finally despise themselves. While it is impossible that every individual of any race shall be rich—and no man may be despised for merely being poor—yet no people can be respected which does not produce a wealthy class. Such a people will only be the hewers of wood and drawers of water, and will not rise above a mere animal existence. The mission of the Freedman's Bank is to show our people the road to a share of the wealth and well being of the world. It has already done much to lift the race into respectability, and, with their continued confidence and patient co-operation, it will continue to reflect credit upon the race and promote their welfare.

It has long been a bitter complaint against the Freedman's Bank that it withdrew money from distant localities and invested it here at the capital. The bill which has now become a law has removed all ground of complaint on this point. It provides that loans shall be made in the vicinity of the different branches, so that the people who deposit their money may now feel assured that it will not be withdrawn to build up Washington, but will be employed to quicken industry and improve the condition of the country where it is collected. This feature of the bill alone goes far to recommend the Freedman's Savings and Trust Company to the confidence and favor of the colored people.

FREDERICK DOUGLASS,
President.

[Circular No. 2.]

WASHINGTON, *April* 29, 1874.

To the Editor of the New York Herald:

The reference in the Herald of Tuesday to the present condition of the Freedman's Bank was not only just but considerate and generous, and displays your well-known love of fair play. While that reference told the simple truth about the bank, there was nothing in it to produce distrust and start a run upon its deposits. Of course no banking institution in the land can well afford to invite runs upon its deposits, and it is not generous to excite such runs without good and almost irresistible necessity.

Within the last eighteen months the Freedman's Bank, by reason of suspicions set afloat through the press and otherwise, has suffered three heavy runs upon its deposits. The last one of these, which occurred during the late financial panic, required half a million dollars to carry the bank safely through it, and the fact that it was able to survive a shock which brought other long-standing and long-trusted institutions to the ground may just now be stated, without boasting, in its favor.

The Freedman's Bank, as its name imports, was especially established to encourage and assist the freedmen to save and increase their hard-earned money and thus to help them in the race to knowledge and higher civilization. This institution has been in existence less than ten years, and during that time it has held and handled with profit to its depositors not less than $25,000,000. The bank now comes before the public, after the severest valuation of its property, rating articles at their lowest cash value in these dull times, with its liabilities $217,000 in excess of its assets. Every business man will see at once that with assets amounting, as they do, to more than $3,000,000, if only tolerably well managed and let well alone, a few months only would be required

to enable it to overcome this small excess of liabilities and pay all its depositors a small amount of interest.

My connection with the Freedman's Bank as its president is of very recent date. I accepted the position with the honest purpose to forward, as well as I might, the beneficent objects had in view by its founders, to watch and guard the hard earnings of my people, and to see that those earnings shall be kept to their profit, if possible, but kept safely, at any rate.

In regard to the condition of the branches, I sent last night through the Associated Press all over the Southern States a quieting telegram, assuring our depositors that, in the opinion of the officers of the bank, if the depositors will exercise only a reasonable degree of patience, we shall be able to pay dollar for dollar; and this is my opinion now.

Respectfully yours,

FREDERICK DOUGLASS.

LETTER FROM FREDERICK DOUGLASS TO THE HON. A. H. GARLAND,

REVIEWING SENATE BILL AMENDING CHARTER OF FREEDMAN'S SAVINGS AND TRUST COMPANY.

WASHINGTON, D. C., *February* 19, 1880.

Hon. A. H. GARLAND:

SIR: I have the honor to inform you that I have carefully read and duly considered your bill for amending the charter of the Freedman's Savings and Trust Company, and for other purposes. It is in my judgment a wisely-drawn bill. It covers the whole ground of the present situation of that institution. Its enactment by Congress would be a credit to the national sense of justice, and would bring speedy though small relief to a class of persons to whom the nation cannot be too just or too generous. Many of the newly-emancipated class put their money into this bank, believing it to be—like the Freedman's Bureau—a government institution, and about as safe as the government itself. Though the misapprehension of these poor people cannot be entirely cured by any present action of Congress, it does appeal to Congress to exert what power it may to help them and to restore their broken confidence.

In respect to the details of your bill, I am not sure that you have made the commissioner's bond quite large enough. The property is large and his power over it is large, and while I do not attach great importance to bonds as a guarantee of honest management, the bond in this case should be large. I see, too, that the approval of a majority of the trustees of the company is required in the appointment of the commissioner. I do not know that any positive harm can come of this feature of the bill, but I think it an unnecessary provision of the bill. There has been no regular meeting of the trustees, as required by the charter, this five years, and it may be fairly questioned if to-day any such an organization as a board of trustees of the Freedman's Savings and Trust Company exists. If the thing can be legally done, I would for my own part prefer to have the government, in *form* as well as in fact, take the assets of the defunct institution into its own hands. I believe the creditors will have nothing to lose by this absolute possession. If the clause is retained, it may cause some delay in getting the approval of the trustees, and for one I am anxious that the depositors shall get something out of this institution without delay.

Your bill recommends itself strongly in substituting *one* for *three* commissioners, for while I esteem the three present commissioners as honest and honorable men, I cannot think there is work enough to justify their retention. At the outset, when the affairs of the bank were much entangled, there may have been work for them all; but I think it is to their credit that they have in five years placed the affairs of the Freedman's Savings and Trust Company in a condition to be easily managed by one commissioner. I have been informed that neither of the present commissioners wishes to be retained in his position, and this is well, for since there has been some want of harmony between them I am inclined to think that your bill should be so shaped that a new man shall be put in charge, and this without prejudice to either of the outgoing commissioners. It was not supposed when they were placed in charge of the Freedman's Bank six years ago that they were to continue there indefinitely. Their continuance, in part or in whole, will lead to unfriendly comments. Economy here is sufficiently strong to commend your bill at this point.

I see that you make it the duty of the Solicitor of the Treasury, under the direction of the commissioner, to institute civil and criminal proceedings against trustees and managers of the bank for mismanagement and fraud. I hope this will be found unnecessary. The assets of the bank should not be further diminished by litigation from which no money can be recovered. The trustees who may be charged with misman-

agement are poor, and nothing could be got out of them. Mind, however, I do not object strongly to this feature of the bill. On the score of justice, I should like to see the guilty exposed and punished; but in the interest of saving something from the wreck, I am for keeping out of the courts.

Suffice it to say in conclusion that I like your bill as a whole.

Respectfully yours,

FRED'K DOUGLASS.

BILL INTRODUCED BY SENATOR GARLAND, AND RECOMMITTED PENDING INVESTIGATION BY THE COMMITTEE.

[S. 711, Forty-sixth Congress, first session.]

In the Senate of the United States. June 21, 1879. Mr. Garland, from the Select Committee on the Freedman's Savings and Trust Company, reported the following bill; which was read the first and second times by unanimous consent:

A BILL amending the charter of the Freedman's Savings and Trust Company, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That so much of the seventh section of the act entitled "An act amending the charter of the Freedman's Savings and Trust Company, and for other purposes," approved June twentieth, eighteen hundred and seventy-four, as authorizes the selection and appointment of three commissioners, be, and the same is hereby, repealed.

SEC. 2. That the Secretary of the Treasury is hereby authorized and directed, a majority of the board of trustees of said company approving, to appoint the Comptroller of the Currency a commissioner, who shall execute a bond to the United States, with good sureties, in the penal sum of twenty thousand dollars, conditioned for the faithful discharge of his duties as commissioner aforesaid, and take an oath faithfully to perform his duties; which bond shall be executed in the presence of said Secretary, and approved by him, and by him safely kept; and when said bond shall have been executed, and oath taken, then said commissioner shall be invested with the possession and legal title to all the property of said company for the purposes of this act and the said act of June twentieth, eighteen hundred and seventy-four, and shall have all the rights, prerogatives, and privileges, and perform all the duties, that were conferred and enjoined upon the three commissioners mentioned in said act of June twentieth, eighteen hundred and seventy-four: *Provided,* That nothing contained in this act shall in any way impede or delay any case or cases instituted in any court by or against the commissioners appointed under the provisions of the act to which this act is amendatory; but every such case shall, upon suggestion of the appointment of the Comptroller aforesaid, and due entry of the change on the dockets of the respective courts in which they may be pending, be proceeded with in the name of such Comptroller, in the same manner as if such change had not been made.

SEC. 3. That said commissioner, with the approval of the Secretary of the Treasury, shall have the right and authority to compound and compromise debts due to and liabilities of the company.

SEC. 4. That said commissioner, with the approval of the Secretary of the Treasury, shall have the right and authority to sell any of the real and personal property of said company, at public or private sale, as, in his judgment, he may deem best; and to buy in, for the benefit of the company, any property which may be offered for sale to pay debts and liabilities to said company, if, in his judgment, said property is being sacrificed by said sale; and to make to the purchasers of property sold by him deeds of conveyance for their respective purchases.

SEC. 5. That said commissioner shall, by the tenth day of each annual session of Congress, make a written report to Congress of his proceedings up to the first day of said session; and, for his services as commissioner aforesaid, he shall, in addition to his present salary as Comptroller, receive an annual salary of one thousand dollars, to be paid out of the funds of said institution.

SEC. 6. That whenever said commissioner is prepared to make a dividend to the depositors, he is authorized and directed, through the United States Treasurer, to place in the various depository banks of the United States which are convenient to said depositors, an amount sufficient to pay them; and the officers of said banks shall pay the depositors or their assignees, and take receipts from them in such way and manner as shall be prescribed by said commissioner and the Secretary of the Treasury; and said evidences of payment shall be returned by said officers to the commissioner, and by him preserved: *Provided,* That where there are no depository banks of the United States, then said commissioner may, with the approval of the Secretary of the Treasury, pay the depositors in said localities in such way as he may deem best.

SEC. 7. That said commissioner, with the approval of the Secretary of the Treasury, may prescribe such form as he may deem right and proper for the depositors to transfer their claims: *Provided*, Every such transfer shall state the amount of the claim transferred, and the amount actually received for the same.

SEC. 8. That said commissioner shall make payments to those depositors only whose pass-books have been properly verified and balanced, unless said pass-books have been lost or destroyed; then upon satisfactory proof of such loss or destruction, and the amount due them, he may pay as though they had pass-books. But all claims founded on pass-books or otherwise not presented to said commissioner for examination and credit within months from and after the passage of this act, as well as all dividends declared upon audited accounts not called for within years from the date of their declaration, shall be barred, and their amounts shall inure to the benefit of the other depositors of the company.

SEC. 9. That it shall be the duty of the solicitor of the Treasury, under the direction of said commissioner, to investigate the manner in which said company has been managed by its trustees, and others, having control thereof; and if, in the judgment of said solicitor, the affairs of said company have been mismanaged, or managed fraudulently and corruptly, then said solicitor, under the direction of said commissioner, shall cause such civil and criminal proceedings to be instituted in the courts against those participating in said mismanagement or fraudulent and corrupt management as he shall deem right and proper to attain the ends of justice. He shall pay fees and costs of suits out of the funds in his hands as commissioner aforesaid; and said solicitor shall attend to all the suits in the courts held in the District of Columbia in which such company is in any manner a party, and he shall be the legal adviser of such commissioner in all matters in which such company is interested.

SEC. 10. That if from any cause there shall be any considerable delay in making a dividend to the depositors, then said commissioner shall, under the direction of the Secretary of the Treasury, invest the funds on hand in United States bonds, until such time as he may be prepared to make a dividend, as directed under the act of June twentieth, eighteen hundred and seventy-four.

SEC. 11. That the Secretary of the Treasury be, and he is hereby, authorized and directed to purchase, for the use of the United States, all those lots and parcels of ground, with the buildings and improvements thereon, situated in the city of Washington, District of Columbia, on Pennsylvania avenue, between Fifteenth and Fifteenth-and-a-half Streets, and belonging to the Freedman's Savings and Trust Company, at a sum not exceeding two hundred and fifty thousand dollars, to be paid, and by him placed to the credit of the commissioner of the said Freedman's Savings and Trust Company, on the books of the Treasurer of the United States, for distribution among its creditors, out of any money in the Treasury not otherwise appropriated, upon proof of a perfect title and the execution to the United States of a deed good and sufficient in law, and in form approved by the Attorney-General; and said sum, or so much thereof as may be necessary, is hereby appropriated for that purpose.

SEC. 12. The further sum of five thousand dollars, or so much thereof as may be necessary, is hereby appropriated, out of any money in the Treasury not otherwise appropriated, for the purpose of fitting up the rooms upon the first floor of the fire-proof building upon said premises known as the Freedman's Bank Building, under the direction of the Supervising Architect of the Capitol, for the use of the Court of Claims, and the removal of it and its records and papers thereto.

TELEGRAPHIC CIPHER,

FOR CORRESPONDENCE BETWEEN THE PARENT OFFICE AND BRANCHES.

BRANCHES.

Tag	Atlanta, Ga.
Gas	Augusta, Ga.
Bail	Baltimore, Md.
Fate	Beaufort, S. C.
Store	Charleston, S. C.
Comb	Columbus, Miss.
Limb	Columbia, Tenn.
Slate	Huntsville, Ala.
Jake	Jacksonville, Fla.
Ginx	Lexington, Ky.
Rake	Little Rock, Ark.
Sole	Louisville, Ky.
Guy	Lynchburg, Va.
Cam	Macon, Ga.
Hip	Memphis, Tenn.
Bile	Mobile, Ala.
Rye	Montgomery, Ala.
Chest	Natchez, Miss.
Shin	Nashville, Tenn.
Brew	New Berne, N. C.
Ware	New Orleans, La.
Kew	New York, N. Y.
Look	Norfolk, Va.
Pail	Philadelphia, Pa.
High	Raleigh, N. C.
Cord	Richmond, Va.
Hans	Savannah, Ga.
Shore	Shreveport, La.
Mose	Saint Louis, Mo.
Lash	Tallahassee, Fla.
Bug	Vicksburg, Miss.
Thing	Washington, D. C.
Wing	Wilmington, N. C.

PHRASES.

Albion	Loan to —— as proposed in your application.	**Nile**	What is your limit?
Aden	Loan on call for our account.	**Newark**	We have bought at your limit.
Arabia	At what rate can you loan on call?	**Newport**	We have sold at your limit.
America	Call for our account.	**Norfolk**	We cannot buy at your limit.
Athens	Call for your account.	**Natchez**	We cannot sell at your limit.
Bengal	Buy for our account.	**Ohio**	Your account is overdrawn.
Bremen	Sell for our account.	**Oregon**	What amount may we draw for at sight?
Concord	At what rate can you sell for us?	**Ontario**	We have drawn on you at sight for.
Corinth	At what rate can you sell to us?	**Oldtown**	You may draw on us for.
Crete	What price will you give for?	**Pedee**	We send by mail.
Europe	Name your lowest price.	**Platte**	We send by express.
Edisto	Make best bid for.	**Riga**	Send by mail.
Enfield	We cannot get a bid.	**Raleigh**	Send by express.
Hecla	We accept your offer.	**Saratoga**	Pay on our account to.
Humber	We decline your offer.	**Santee**	We have paid on your account to.
Iceland	We will buy	**Texas**	Transfer to this branch the account of.
Idaho	We will sell.	**Tar**	We have transferred to your branch to account of.
India	If you reply immediately.	**Venice**	Is the note of —— paid?
Kansas	We have bought for your account.	**Volga**	Shall I protest the note of?
Kentucky	We have sold for your account	**Windsor**	It is paid.
Lowell	Sell at best rate.	**Wales**	Protest.
Lima	Buy at best rate.	**Whitehall**	Place to the credit of.
Margate	We have bought as directed.	**Winona**	We have placed to the credit of.
Macon	We have sold as directed.		
Grant	American gold.	**Spinner**	Fractional currency.
Chase	Legal-tender or national-bank notes.		

UNITED STATES BONDS.

Wilson	5.20's, 1862.	**Blaine**	7.20's, 1868.
Howard	5.20's, 1864.	**Butler**	10.40's.
Sherman	5.20's, 1865.	**Sumner**	New 5's.
Sheridan	5.20's, 1865, *new*.	**Canby**	Currency 6's.
Colfax	5.20's, 1867.	**Hooker**	1881's.

INTEREST DAYS.

First—January and July.
Second—February and August.
Third—March and September.
Fourth—April and October.
Fifth—May and November.
Sixth—June and December.

FRACTIONS.

$\frac{1}{8}$	Short.	$\frac{5}{8}$	Young.
$\frac{1}{4}$	Tall.	$\frac{3}{4}$	Old.
$\frac{3}{8}$	Large.	$\frac{7}{8}$	Good.
$\frac{1}{2}$	Small.		

UNITS.

1	Boy.	6	Wolf.
2	Man.	7	Dog.
3	Horse.	8	Fox.
4	Bear.	9	Deer.
5	Mule.		

TENS.

10	Shad.	60	Whale.
20	Herring.	70	Shark.
30	Trout.	80	Cod.
40	Frog.	90	Pike.
50	Seal.		

HUNDREDS.

100	Russet.	600	Drab.
200	Brown.	700	Maroon.
300	Orange.	800	Amber.
400	Gray.	900	Blue.
500	Black.		

THOUSANDS.

1,000	White.	10,000	Magenta.
2,000	Green.	20,000	Solferino.
3,000	Yellow.	25,000	Garnet.
4,000	Violet.	50,000	Lavender.
5,000	Indigo.	75,000	Rose.
6,000	Purple.	100,000	Pink.
7,000	Red.	200,000	Lilac.
8,000	Crimson.	250,000	Scarlet.
9,000	Carmine.		

PRINTED LETTER CONCERNING ADDENDUM TO TELEGRAPHIC CIPHER.

BRANCH, FREEDMAN'S SAVINGS AND TRUST COMPANY,
Norfolk, October 15, 1873.

DEAR SIR: By direction of the actuary I inclose for your use an addendum to our telegraphic cipher, duly approved by the general inspector. It should be kept strictly private and accessible only to yourself.

Yours, very truly,

H. C. PERCY,
Cashier Norfolk Branch.

PHILIP D. CORY, Esq.,
Cashier.

PRIVATE.

ADDENDUM TO TELEGRAPHIC CIPHER.

PINE	There is a run on this branch.
SPRUCE	There is a heavy run at this branch.
HEMLOCK	There is a run on ————.
POPLAR	How are things at your branch?
PLUM	All quiet. Business as usual
PEAR	Excited. Anticipate a run.
PEACH	Much uneasiness prevails.
CHERRY	Bad. Can you help us?
WALNUT	Apply the sixty-day rule.
ROSEWOOD	Sixty-day rule strictly enforced.
WILLOW	Can get along without sixty-day rule.
LAUREL	Can arrange to take care of myself.
MULBERRY	Have you sent any funds?
OAK	No. Can't get any.
CEDAR	Panic over.
MYRTLE	No run here.
LINDEN	Cannot spare currency.
STUMP	Withdraw the draft.
BIRCH	No currency at banks here.
BEECH	Give me credit by telegram.
GRAPE	The sixty-day rule.
APPLE	How much can I pay depositors under sixty-day rule?
LOCUST	Our drafts are refused at banks here.
PRUNE	Remit all the funds you can spare.

[Office of the commissioners of the Freedman's Savings and Trust Company.]

WASHINGTON, D. C., *August* 1, 1879.

Hon. B. K. BRUCE,
Chairman of Select Committee Freedman's Savings and Trust Co.:

SIR: In reply to your favor of the 29th instant, we inclose herewith a statement showing the amount and character of all real estate now owned by the Freedman's Savings and Trust Company, where located, when and how acquired, and the amount paid for the same.

We have the honor to be, very respectfully,

JNO. A. J. CRESWELL,
R. H. T. LEIPOLD.
Of the Commissioners.

No. of square.	No. of lot.	Dimensions.	Location and description.	Bought in for—	When purchased.	How acquired.	Remarks.
24	Part 42	41.4 x 51.9	Alley between Twenty-fourth and Twenty-fifth and M and N streets northwest. Two-room frame shanty.	$130 00	Apr. 8, 1876	Under deed of trust.	Balance due on loan after crediting proceeds of sale, $99.26; deemed worthless.
69	S. 23	15 x 90	Twenty-first street, between N and O streets northwest. Vacant lot.	275 00	Sept. 27, 1872	....do	Balance due on loan after crediting proceeds of sale, $50.64; deemed worthless. Bought in before failure of company.
133	S. 26	18 x 100	1826 Lawrence street. Six-room frame house, with hall; sewerage.	1,125 00	Jan. 4, 1876	....do	Balance due on loan after crediting proceeds of sale, $724.28; deemed worthless.
152	39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49.	87.6 x 188.3	Oregon and Eighteenth streets northwest. Eleven unimproved lots.	2, 339 00 (or 15 cents per foot.)	Apr. 18, 1876	....do	Balance due on loan after crediting proceeds of sale, $2,806.78; deemed worthless.
183	S. K	16.4 x 95	Alley between Sixteenth and Seventeenth and L and M streets northwest. Vacant lot.	130 00	Oct. 30, 1876	....do	Balance due on loan after crediting proceeds of sale, $52.86; deemed worthless.
193	35, 36, 37, 38, 39, 40, 41, 42, 43, 48, 49, 50, 51, 52, 53, 54, 55.	Nine lots, 22.6 x 95; eight lots, 19.6 x 95.	R, Fifteenth, and Corcoran streets northwest. Vacant lots; brick sidewalks; concrete carriageway; lots terraced and parked.	8, 721 01 (or from 22½ to 40 cents per foot.)	Jan. 4, 1876	....do	Balance due on loan after crediting proceeds of sale, $14,038.59; deemed worthless. Original purchase 21 lots, of which 4 have been sold.
302	46	20 x 95.1	Eleventh street near Boundary. Vacant lot.	304 26 (or 16 cents per foot.)	Nov. 30, 1875	....do	Balance due on loan after crediting proceeds of sale, $221.05; deemed worthless.
309	Parts 21, 22, 23	20 x 68.3	Eleventh street, between Q and R streets northwest. Two frame shanties.	325 00 (subject to taxes.)	May 24, 1877	....do	Balance due on loan after crediting proceeds of sale, $361.28.
309	25	21.50 x 90	Eleventh street, between Q and R streets northwest. Vacant lot.	730 00	Apr. 19, 1875	....do	Balance due on loan after crediting proceeds of sale, $192.42. Balance paid in part.
N. of 334	9, 10, 11		Southwest corner Vermont avenue and T street. Vacant lots.	225 00 (subject to taxes.)	Apr. 23, 1878	....do	Original purchase 7 lots, of which 4 have been sold. Balance due on loan after crediting proceeds of sale, $498.50.
361	60, 61, 62	5,274 feet	T street near Vermont avenue northwest. Vacant lots.	1,738 32	Apr. 7, 1874	....do	Original purchase 7 lots, of which 4 have been sold. Bought in before failure of company.
365	142	22 x 90	1549 Columbia street northwest. Three-story brick house, with three-story back building, newly painted and renovated; nine rooms, all modern improvements.	2, 800 00	Dec. 16, 1876	....do	Balance due on loan after crediting proceeds of sale, $6,566.73. Judgment for balance.
529	Part 1		Frame house northwest corner G and Third streets northwest.	1, 350 00 (subject to taxes.)	June 17, 1879	....do	Balance due on loan after crediting proceeds of sale, $4,059.10; deemed worthless. Sale not yet confirmed.
557	Part 31	15 x 136.7½	122 Pierce street. Two-story and basement frame house; one-story back building; eight rooms.	750 00	Aug. 28, 1876	....do	Balance due on loan after crediting proceeds of sale, $210; deemed worthless.
558	10	2,470 feet	1014 and 1016 New Jersey avenue northwest. Two one-story frames, two rooms and kitchen; street and sidewalk paved.	500 00 (subject to special improvement taxes.)	July 5, 1877	....do	Balance due on loan after crediting proceeds of sale, $244.61; deemed worthless.

560	Part 6	10,160 feet	Third and K streets northwest. Vacant lot.	5,075 33	Nov. 25, 1876	....do	Balance due on loan after crediting proceeds of sale, $4,127.94; deemed worthless.
562	21, 22	35 x 150	I street, between Second and Third streets northwest. Vacant lot.	3,675 00	Nov. 25, 1876	....do	
566	Part 3	12 x 46	Alley between Second and Third and F and G streets northwest. Two story frame shanty.	300 00	Feb. 14, 1876	....do	Balance due on loan after crediting proceeds of sale, $311.45. Balance deemed worthless.
634	29, 30, 31, 32, 33, 34, 35, 36, 37, 38	19,864 feet	North Capitol and C streets. Vacant lots, except four small buildings; street and sidewalk paved.	10,964 89 (or 40 to 67 cents per foot.)	Apr. 8, 1876	....do	Balance due on loan after crediting proceeds of sale, $5,695.41. Balance deemed worthless.
638	F and V	1,920 feet	444 First street southwest. Two-story pressed brick front; sidewalk paved; Belgian block carriageway.	875 00	June 13, 1876	....do	Balance due on loan after crediting proceeds of sale, $2.01. Original purchase 4 lots, of which two have been sold.
652	16, 17, 19	28,771 feet	Half street, between N and O streets southeast. Vacant lots.	4 cents per foot.	July 3, 1877	....do	Balance due on loan after crediting proceeds of sale, $2,663.38. Balance deemed worthless.
760	7		213 East Capitol street. Four-story and basement brick dwelling; all modern improvements; two-story brick stable in the rear.	14,000 00	Jan. 17, 1876	....do	Balance due on loan after crediting proceeds of sale, $2,692.25, interest and taxes. Title in litigation.
724	Part 8	2,958 feet	114 C street northeast. Three-story and basement pressed brick front; all modern improvements.	4,600 00	Oct. 14, 1875	....do	Balance due on loan after crediting proceeds of sale, $465.64. Balance deemed worthless.
724	Part 7, 8	20 x 168.3 feet.	116 C street northeast. Three-story and basement pressed brick front with two-story back-building; all modern improvements.	3,600 00	July 23, 1878	....do	Balance due on loan after crediting proceeds of sale, $4,430.43. Balance deemed worthless.
730	Part 1	23 x 73.1 feet.	136 Pennsylvania avenue east. Three-story and basement pressed brick front; all modern improvements.	1,400 00 (subject to prior trust.)	Mar. 17, 1876	....do	Amount of prior trust assumed and paid, $6,128.89. Balance due on loans after crediting proceeds of sale, $1,142.69. Deemed worthless. Title in litigation.
734	Parts 12 and 13	1,670 feet	402 First street southeast. Two-story and basement frame house; all modern improvements.	1,500 00	May 29, 1876	....do	Balance due on loan after crediting proceeds of sale, $529.05. Balance deemed worthless.
784	Part 4	2,079 feet	B street between Third and Fourth streets northeast. Vacant lot.	46 cents per foot	Apr. 3, 1875	....do	Balance due on loan after crediting proceeds of sale, $161.97. Balance deemed worthless.
821	Part 2	15.7 x 70	412 E street southeast. Two-story frame house.	275 00	Dec. 21, 1875	....do	Balance due on loan after crediting proceeds of sale, $418.00. Balance deemed worthless.
915	1, 2, 3, 4, 5	5,495 feet	Maryland avenue, Eighth and North E streets. Vacant lots.	10 cents per foot	May 3, 1876	....do	Balance due on loan after crediting proceeds of sale, $1,605.40. Balance deemed worthless.
1000	1, 2	8,251 feet	Twelfth and N streets southeast. Vacant lots.	1½ cents per foot	Oct. 3, 1877	....do	Balance due on loan after crediting proceeds of sale, $76.20. Balance deemed worthless.
221	Parts 3, 4, 5, 6, 7, and part 8.	23,121 feet 6 inches.	Pennsylvania avenue between Fifteenth and Fifteenth-and-a-half streets.	*258,315 66	(†)	By direct purchase and construction.	Banking-house and adjacent property.
332	7		2,018 Tenth street northwest. Two-story brick house.	1,450 00	Aug. 4, 1875	Under deed of trust.	Balance due on loan after crediting proceeds of sale, $76.08. Balance deemed worthless.
309	2 and part of 3.		1,603 Twelfth street northwest. Two-story frame shanty.	1,025 00	Mar. 18, 1815	....do	Balance due on loan after crediting proceeds of sale, $1.72. Sold and reacquired.

* Original cost.

† Before failure of company.

REAL ESTATE, CITY OF WASHINGTON, D. C.—Continued.

No. of square.	Number of lot.	Dimensions.	Location and description.	Bought in for—	When purchased.	How acquired.	Remarks.
252	7		Seven two-story frame houses in Foundry Alley between Thirteenth and Fourteenth streets and G street and New York avenue.	$6,200 00	Dec. 31, 1874	Under deed of trust.	Balance due on loan after crediting proceeds of sale, $489.88. Title in litigation.

REAL ESTATE, SUBDIVISION OF BARRY FARM, D. C.

1	9		One-acre lot and shanty	$75 00	June 7, 1878	Under deed of trust.	Balance due on loan after crediting proceeds of sale, $32.15; deemed worthless.
2	20		do	150 00	Dec. 1, 1876	do	Balance due on loan after crediting proceeds of sale, $36.14; deemed worthless.
3	12		do	100 00	Apr. 12, 1877	do	Balance due on loan after crediting proceeds of sale, $94.04; deemed worthless.
3	16		do	115 00	Apr. 6, 1876	do	Balance due on loan after crediting proceeds of sale, $128.92; deemed worthless.
6	12		One-acre lot	115 00	July 25, 1874	do	Balance due on loan after crediting proceeds of sale, $69.05; deemed worthless.
8	36, 37, 38, 39, 40		Two-story and mansard frame house, with brick basement; two small frame dwellings, together with 5 acres of land.	3,985 08	July 3, 1874	do	Taken for bank's claim before appointment of commissioners.
9	6		One-acre lot and two-story frame house	395 00	Nov. 13, 1876	do	Balance due on loan after crediting proceeds of sale, $496.70; deemed worthless.
9	27		One-acre lot and shanty	75 00	June 17, 1879	do	Balance due on loan after crediting proceeds of sale, $109.40; deemed worthless.

REAL ESTATE, GEORGETOWN, D. C.

18	74, 75		Water street, near High, two-story frame shanty	$300 00	Mar. 12, 1875	Under deed of trust.	Balance due on loan after crediting proceeds of sale, $1 045.58; deemed worthless.
90	Part 110	18.6 x 60	Monroe street, near Poplar, vacant lot	124 00	Oct. 28, 1876	do	Balance due on loan after crediting proceeds of sale, $150; deemed worthless.
E. of 93	Part	24 x 110	5 West street, two-story five-room frame house.	764 58	Oct. 27, 1874	do	Sold and reacquired under new deed of trust.

REAL ESTATE, UNIONTOWN, D. C.

	795	20 x 113½	Johnson street, vacant lot	$55 00	Nov. 17, 1875	Under deed of trust.	A part of a large property sold under same trust.

REAL ESTATE, WASHINGTON COUNTY, D. C.

		65 acres and 29 perches.	Rock Creek, Georgetown, Mansion House, mill, water-power, &c.	$40,000 00	Mar. 11, 1875	Under deed of trust.	Balance due on loan after crediting proceeds of sale, $6,310.77; deemed worthless.
		65½ acres	Good Hope road	5,000 00	Nov. 15, 1875	....do	A portion of a large property sold under same trust. Balance due on loan after crediting proceeds of sale, $5,703.93; deemed worthless.
		50 acres	Bowen road, two-story frame dwelling and out-buildings.	7,750 00	Feb. 14, 1875	....do	Balance due on loan after crediting proceeds of sale, $3,496.83, of which $268 has been since collected.

REAL ESTATE, MERIDIAN HILL, D. C.

.....	W. and D.'s sub. 96, 97.	5,300 feet	Eighth street extended, three small frame houses,	$1,400 00	Jan. 22, 1876	Under deed of trust.	Balance due on loan, after crediting proceeds of sale, $1,275.44; deemed worthless.
.....	W. and D.'s sub. 91.	25 x 257.6	Seventh street road, two-story frame shanty	321 88 (or 5 cts. per ft.)	Jan. 9, 1877	....do	Balance due on loan, after crediting proceeds of sale, $503.39; deemed worthless.
.....	S. P. Brown's subdivision.	Lots 41, 53, 60, 61, 66, 67.	Oak street and Laurel avenue		(*)	....do	These lots are a portion of a large tract mortgaged to the company for a loan of $10,000; the property was sold and the company bought in a portion and the balance was sold to other parties. The title to the whole tract is in litigation.

REAL ESTATE, HALL'S SUBDIVISION OF PADSWORTH, D. C.

.....	2, 3, 4	7,343 feet	Rock Creek and Seventh street roads, vacant lots.	$73 50	Sept. 29, 1877	Under deed of trust.	Original purchase 17 lots, of which 14 have been sold. Balance due on loan, after crediting proceeds of sale, $1,308.70.

REAL ESTATE, HOWARD UNIVERSITY HILL, D. C.

.....	Blocks 16, 7, and 8.	100 x 150	College street, two-story and mansard frame dwelling, brick basement, all modern improvements.	$9,000 00	Nov. 11, 1874	Under deed of trust.	Balance due on loan, after crediting proceeds of sale, $2,518.01; deemed worthless.

REAL ESTATE, IVY CITY, D. C.

.....	Blocks 1, 2, 3, 4, 5, 6, 7, 8, 9.		191 lots; farm of 33 $\frac{5}{100}$ acres	$2,245 60 (subject to taxes.)	Sept. 21, 1878	Under deed of trust.	Balance due on loan, after crediting proceeds of sale, $4,876.07; deemed worthless.

* Before failure of company.

ELSEWHERE.

No. of square.	No. of lot.	Dimensions.	Location and description.	Bought in for—	When purchased.	How acquired.	Remarks.
....	.....	.....	Banking-house, Jacksonville, Fla	†$35, 257 76	(*)	Direct purchase.	
.....	.....	.....	Banking-house, Nashville, Tenn	†27, 479 70	(*)	....do	
.....	.....	.....	Two dwelling-houses, Nashville, Tenn	†2, 250 00	July 22, 1876	Mortgage sale	
.....	.....	.....	Banking-house, Vicksburg, Miss.....	†16, 246 46	(*)	Direct purchase.	
.....	.....	.....	Vacant lot, Memphis, Tenn	†6, 517 25	(*)	....do	
.....	.....	.....	Vacant lot, Chattanooga, Tenn.....	†1, 000 00	(*)	....do	Deemed worthless.
.....	.....	.....	Vacant lot, Atlanta, Ga.....	†330 75	July —, 1877	Under deed of trust.	
....	.....	.....	Vacant lot, Norfolk, Va.....	†389 85	Jan. 7, 1878	....do	Taken in payment of debt.
....	.....	.....	Plantation, Beaufort, S. C.....	†1, 487 78	Feb. 2, 1874	....do	A portion of this plantation has been resold.

*Before failure of company.

†Original cost.

[Office of the Commissioners of the Freedman's Savings and Trust Company.]

WASHINGTON, D. C., *May* 29, 1879.

Hon. B. K. BRUCE,

Chairman Senate Committee Freedman's Savings and Trust Company:

SIR: To prevent misunderstanding, I deem it proper to state for the information of your committee that the receipts and expenditures as reported by the commissioners, in the abstract of their accounts recently furnished, are based exclusively upon the *cash* transactions of the commissioners; they do not include what are known as "constructive receipts and disbursements," which latter were included in some of our earlier reports to Congress.

By constructive receipts and expenditures I mean such increase or diminution in the several accounts of the commissioners as were necessitated by the discovery and proper correction of errors in the balances brought forward from the books of the corporation, the amounts credited to loan account as a receipt, and charged to "property bought in" as a disbursement, whenever the commissioners were compelled to buy in a piece of property upon which they previously held a deed of trust, &c., as explained in the commissioners' report of January 18, 1876, page 2. (Senate Mis. Doc., No. 36, Fourty-fourth Congress, first session.) These constructive receipts and disbursements, while they do not have any direct bearing upon the cash receipts and expenditures, cause a corresponding increase in the *aggregate* receipts and expenditures as shown by our ledger.

Thus while our cash receipts to December 31, 1875, as per our report of January 18, 1876, were but $844,216.69, and our cash disbursements but $686,471.96, the total receipts, actual and constructive, per the same report, were $1,300,059.95, and the disbursements $1,142,315.22, the balance in each case, however, being the same, viz, $157,744.73, and while our cash receipts to the 10th instant were, as reported to you, but $1,480,269.58, and our disbursements but $1,209,347.34, our total receipts, actual and constructive, were $1,717,225.90, and our disbursements $1,446,303.66, leaving the balance in each case the same, viz, $270,922.24.

Concerning the manner of the proposed relief of the commissioners and the transfer of the remaining assets of the Freedman's Savings and Trust Company, I also desire to state for the information of the committee that I differ from my colleagues as to the necessity of securing the assent or approval of the old board of trustees to effect a legal transfer.

By the seventh section of the act of June 20, 1874, Messrs. Cresswell, Purvis, and Leipold were by the then trustees selected commissioners and were duly qualified.

Immediately upon their qualification the legal title to all the property and effects of the company became, by virtue of their selection and the force of the statute, vested in them, and all rights and authority previously vested in the trustees of the corporation were, for the purposes of the act, likewise transferred to said commissioners. In other words, the commissioners were substituted in the place of the trustees, and they have been ever since, and are now, just as fully the representatives of the creditors of the company as the trustees were before their selection. This being the case, should the committee concur in the opinion that the management of this company, being a quasi private corporation, cannot be changed or transferred without the consent of the creditors or their representatives, the former trustees having abandoned the charter, and by their votes substituted the present commissioners as trustees for the creditors, the latter, and not the trustees, are the ones whose consent and approval are necessary to the legal transfer of the assets. If this view is correct, the amendment to the first section of the Bayard bill suggested by the commissioners should be changed to read, "the present commissioners consenting or approving."

On the other hand, it is claimed, and with a good deal of force, that Congress, who chartered the company, and has already twice amended the charter, has a right to again amend it in any manner furthering or protecting the interests of the company's creditors, without the consent or approval of either the former or present management.

Mr. Creswell was, I think, mistaken in stating before the committee that it had been held by Chancellor Cooper, at Nashville, Tenn., that but for the selection of the commissioners *by the trustees* the commissioners would have no standing in court. No such decision has been rendered by Chancellor Cooper or any other judicial tribunal, as far as I know. The question before the chancellor was simply whether the statutory assignment of the assets of the company was sufficient to vest said assets, including real estate situated in the different States, in said commissioners, so as to preclude attachments obtained by creditors of the company after such statutory assignment had been perfected, from becoming a lien upon said real estate. The chancellor held that it was not; that a formal assignment by the trustees to the commissioners, to be recorded in the local land offices where the property is located, was necessary; that the act of Congress could not do away with the requirements of the local registration laws of the several States. But inasmuch as under the laws of Tennessee no creditor of the company could have priority, he suggested that instead of appointing a receiver to

take charge of said property, &c., the commissioners had better be permitted to go ahead to close up the affairs of the company, and upon this suggestion the parties plaintiff abandoned their suits and the property was released from the attachments.

We of course held that the statutory assignment was sufficient. If sufficient, having once assigned the property, how can the board of trustees assign again, unless the property is first reassigned to or revested in them?

In my opinion, the charter of the company was forfeited at the time the assignment to the commissioners was perfected by their qualification, and that the trustees have no further rights or legal status whatever in the premises.

I have the honor to be, very respectfully, your obedient servant,

R. H. T. LEIPOLD,
Of the Commissioners.

Hon. B. K. BRUCE,
Chairman Select Committee on Freedman's Savings and Trust Company:

SIR: We have the honor to acknowledge the receipt of a letter from George W. Carter, clerk of your committee, under date of the 18th instant, asking for a written statement relative to such of the branches of the Freedman's Savings and Trust Company as are in default to the depositors thereof, and the amounts respectively due by each defaulting branch; also the names of branches where irregularities occurred, resulting in pecuniary losses to depositors and others transacting business with said specified branches.

In reply thereto we inclose schedule showing the amount of uncollected overdrafts, and the discrepancies existing in the accounts of the several branches as far as ascertained by us to May 10, 1879, the estimated losses on investments at said branches and at the principal office, and the general character of said discrepancies and estimated losses.

The amount of overdrafts, which, at the time of the failure of the company, aggregated the sum of $63,974.37, has been reduced by collections since made to $55,197.30, as shown by the inclosed schedule, and the discrepancies in the branch accounts, which at that time aggregated $98,172.10, have been increased to $113,899.82 by our investigations.

The discrepancies in the inclosure referred to are those only which have been discovered since the failure of the company.

We have heard of other discrepancies and losses occurring during the existence of the company, such as a robbery of the safe at Savannah, Ga., amounting to some $1,800; another of about $1,900 at Atlanta, Ga.; and an embezzlement of $7,944.73 by Philip D. Cory, a former cashier of the Atlanta, Ga., branch; an embezzlement of some $3,300 by C. A. Woodward, a former cashier at Mobile, Ala.; an embezzlement of $1,889.15 by C. A. Nelson, former cashier at New Berne, N. C., and some smaller losses; but, as these appear to have been adjusted on the books of the company previous to our appointment as commissioners, we took no notice of them other than to bring suits upon the bonds of said cashiers for the recovery of the amounts embezzled by them.

In this connection it is proper to state that we have been delayed somewhat, in the preparation of the within statement, by the fact that all the branch deposit accounts are merged by us in one general deposit account, and to arrive at the present discrepancies existing in each particular branch, the items pertaining to each branch had to be taken from the books of original entries, which we have done as accurately as possible. To have kept separate accounts with each branch would have necessitated a separate set of books for each, and very largely increased the labor and expense of the commissioners without any corresponding benefit.

We have the honor to be, very respectfully, your obedient servants,

JNO. A. J. CRESWELL,
R. H. T. LEIPOLD,
Of the Commissioners.

EXHIBIT A.—*Schedule of overdrafts, discrepancies, and estimated losses at the several branches of the Freedman's Savings and Trust Company.*

Name of branches.	Amount of uncollected overdrafts, May 10, 1879.	Discrepancies, May 10, 1879.	Estimated losses on assets turned over to the commissioners.	Remarks.
Alexandria, Va	$124 62	$108 25		Unexplained differences between branch reports and balance due depositors.
Atlanta, Ga	194 48	491 68		Do.
Augusta, Ga		105 11		Do.
Baltimore, Md		4,456 61	$1,791 34	Unexplained differences between branch reports and balance due depositors and loss on real estate.
Beaufort, S. C	*14,637 67	185 05	75,000 00	Unexplained differences between branch reports and balance due depositors; *N. R. Scovel's defalcation in part.
Charleston, S. C		963 48	4,750 60	Unexplained differences between branch reports and balance due depositors and loss on real estate.
Chattanooga, Tenn			1,210 68	Loss on real estate.
Columbus, Miss	185 11	77 79	144 12	Unexplained differences between branch reports and balances due depositors and note of former cashier.
Columbia, Tenn		98 84		Unexplained differences between branch reports and balances due depositors.
Huntsville, Ala	118 09	1,637 48		Do.
Jacksonville, Fla	1,252 91	1,778 63	135,000 00	Unexplained differences between branch reports and balances due depositors and estimated loss on loans, property, &c.
Lexington, Ky	18 73	5,797 89	2,500 00	Unexplained differences between branch reports and balances due depositors, loans and defalcation of late cashier J. G. Hamilton, of which $2,617.63 has been collected by us.
Little Rock, Ark	15 00	1,100 00		Missing branch draft.
Louisville, Ky	314 01	169 74		Unexplained differences between branch reports and balance due depositors.
Lynchburg, Va	376 33	1,300 32		Unexplained differences between branch reports and balance due depositors and late cashier W. F. Bronaugh's short and loans.
Macon, Ga	50 50	1,964 04		Unexplained differences between branch reports and balance due depositors.
Memphis, Tenn	15,380 01	1,931 23	54,500 00	Unexplained differences between branch reports and balance due depositors; estimated loss on loans and property.
Montgomery, Ala			18,955 70	Amount due from Edwin Beecher, late cashier.
Mobile, Ala		523 46		Unexplained differences between branch reports and balance due depositors.
Natchez, Miss	730 40	3,625 22		Unexplained differences between branch reports and balance due depositors; embezzlement of P. Jordan, former cashier, and loss on loans.
Nashville, Tenn	33 70	789 15	26,150 00	Unexplained differences between branch reports and balance due depositors and loss on loans and property.
New Berne, N. C	155 97	1,021 83	1,016 06	Unexplained differences between branch reports and balance due depositors and C. A. Nelson's (former cashier) short.
New Orleans, La		1,122 57		Unexplained differences between branch reports and balance due depositors.
New York, N. Y	2,109 72	18,328 42		Unexplained differences between branch reports and balance due depositors and S. L. Harris, late manager's, expense account.
Norfolk, Va	855 60	22 63	287 60	Unexplained differences between branch reports and balance due depositors and loss on loans.
Philadelphia, Pa	13 47	82 95		Unexplained differences between branch reports and balance due depositors.
Raleigh, N. C	865 71	10,698 21		Unexplained differences between branch reports and balances due depositors, defective book-keeping, and assistant cashier, C. N. Hunter's, short.
Richmond, Va	56 98	157 97		Unexplained differences between branch reports and balance due depositors.
Savannah, Ga		69 32		Do.
Shreveport, La	255 98	2,249 89		Do.
Saint Louis, Mo	439 78	4,744 70		Do.

EXHIBIT A.—*Schedule of overdrafts, discrepancies, &c.*—Continued.

Name of branches.	Amount of uncollected overdrafts, May 10, 1879.	Discrepancies, May 10, 1879.	Estimated losses on assets turned over to the commissioners.	Remarks.
Tallahassee, Fla	$1 03	.....	$3,500 00	Loss on real estate.
Vicksburg, Miss	2,204 23	$1,273 30	25,000 00	Unexplained differences between branch reports and balances due depositors and loss on loans and real estate.
Wilmington, N. C	2,782 71	4,732 56	.....	Unexplained differences between branch reports and balances due depositors and cashiers, V. D. Macumber and John H. Smyth, shorts.
Washington, D. C	12,013 56	42,290 50	.....	Unexplained differences between branch reports and balance due depositors.
Principal office	.....	.....	650,000 00	Loss on loans, real estate, &c.
	55,197 30	113,899 82	999,806 10	

[Office of the Commissioners of the Freedman's Savings and Trust Company.]

WASHINGTON, D. C., *February* 27, 1880.

Hon. B. K. BRUCE,

Chairman Senate Committee on Freedman's Savings and Trust Company:

SIR: In accordance with the desire expressed by your committee to have the commissioners submit any suggestions they might wish to make concerning the provisions of the bill amending the charter of the Freedman's Savings and Trust Company, and for other purposes (Senate No. 711, Forty-sixth Congress, first session), I have the honor to suggest the following amendments:

1. Strike out the words "a majority of the board of trustees of said company approving," in the second and third lines of section 2.

2. Add at the close of the eighteenth line of said section and immediately before the proviso, beginning with the nineteenth line of said section, the words "who shall thereupon cease to exist, and be divested of all rights, privileges, and prerogatives, and relieved from all duties conferred and imposed upon them under the provisions of said act."

3. Strike out all of section 6.

4. Insert the word "twelve" before the word months in line 8; the word "already" after the word "dividends" in line 9; and add the words "one year from and after the passage of this act, and all dividends hereafter declared upon audited accounts not called for within three" after the word "within" in line 10, section 8.

5. Strike out the word "he" in line 11, section 9, and insert the words "said commissioner" instead.

6. After the word "solicitor" in line 13, section 9, add the words "or some competent attorney designated for that purpose by the Attorney-General of the United States."

7. Strike out the word "he" in line 15, section 9, and substitute the words "said solicitor" in lieu thereof.

8. Strike out the letter "s" at the end of the word commissioners in line 10, section 11; and

9. Strike out all of section 12.

In addition to what I have said on the subject of the first amendment herein suggested by me, in my letter addressed to you under date of May 29, 1879, I fear that the clause which I suggest be stricken out, if retained in the bill, will be productive of delay and mischief, if it does not entirely defeat the objects of the bill. Aside from the apparent impropriety of recognizing the continued existence and jurisdiction of the board of trustees of the Freedman's Savings and Trust Company, it is not at all certain that the majority of them would consent to the appointment of the Comptroller of the Currency as a commissioner. Some of them, at least, I apprehend, will object to it, because it thwarts their own selfish purposes, and, as the bill now stands, unless such consent or approval is obtained no action can be taken under it.

The repeal of that part of the act of June 20, 1874, authorizing the selection and appointment of three commissioners does not necessarily vitiate appointments already made nor operate to divest vested rights and duties, hence the second amendment which I suggest.

The present system of paying dividends by check on the Treasury of the United States has worked so admirably and withal so satisfactorily, that I deem it unwise to

change it at this late day. It is moreover the same system pursued by the Comptroller of the Currency in the payment of dividends to creditors of insolvent national banks, and ought not to be changed.

Twelve months additional for the presentation for examination of claims is, I think, a sufficient allowance for that purpose; so, too, is one year additional for the payment of the two dividends already declared, one November 1, 1875, and one March 20, 1878; but one year is not a sufficient time for the collection of future dividends, hence the several amendments to section 8 suggested by me.

The first and third suggested amendments to section 9 are merely verbal ones; the second one is necessary, I think, inasmuch as it may not be always convenient or even possible for the solicitor of the Treasury to be present in the trial of causes in the courts.

The amendment to section 10 is also a mere verbal one.

The twelth section is rendered unnecessary by reason of the premises therein named having already been fitted up for the use of the Court of Claims.

For your convenience I inclose copy of the bill amended as suggested.

I have the honor to be, very respectfully, your obedient servant:

R. H. T. LEIPOLD,
Of the Commissioners.

WASHINGTON, D. C., *February* 20, 1880.

SIR: To your verbal request of yesterday that I would submit to your committee my views in writing as to the best method of administering the remaining assets of the Freedman's Savings and Trust Company, I have the honor to respond that it is not in my power to present a more complete and satisfactory plan to effect the object you have in view than that contained in the bill S. 711, Forty-sixth Congress, first session, reported from your committee by Hon. Mr. Garland on June 21, 1879. I heartly approve the main provisions of that bill, but I advise the striking out of the ninth, eleventh, and twelfth sections.

While the purchase of the bank property in this city, on Pennsylvania avenue and Fifteenth-and-a-half street, must be regarded of the utmost importance to all concerned, yet our repeated failures to secure the legislation necessary for that purpose constrain me to think that the retention of section 11 in the bill would certainly delay, if it did not defeat, its passage, and thereby postpone the release so earnestly desired by the present commissioners. I recommend, however, that section 11 be embodied in a separate bill, and pushed through both houses of Congress with all possible dispatch. Section 9 would not, in my opinion, accomplish any good result, though it might be used as a pretext for a large expenditure out of the money of the depositors; and section 12 is no longer necessary, all the fitting up therein provided for having been already done.

As section 1 and 2 now stands there might, perhaps, be a doubt whether the intention is to dispense with the present commission. To exclude all uncertainty on that point, I respectfully suggest that an amendment be inserted at the end of the eighteenth line of section 2, in these words: "And from and after the qualification of said Comptroller as such commissioner the duties, rights, and authority of said three commissioners shall forthwith cease and determine." Furthermore, I submit that from the twenty-fourth and twenty-fifth lines of section 2 the words "dockets of the respective courts in which they" be stricken out, and the words "docket of the court in which said case" be inserted in lieu thereof. The last amendment is only verbal.

Very respectfully, yours,

JNO. A. J. CRESWELL.

Hon. B. K. BRUCE,
Chairman of Senate Select Committee on the Freedman's Savings and Trust Company.

I concur in the views expressed by Mr. Creswell, preferring, however, that the second section of the bill should be amended, "That the board of trustees of said company are hereby authorized and directed to appoint a commissioner subject to the approval of the Secretary of the Treasury," &c.

ROBT. PURVIS.

AN ACT

TO INCORPORATE

THE FREEDMAN'S SAVINGS AND TRUST COMPANY.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Peter Cooper, William C. Bryant, A. A. Low, S. B. Chittenden, Charles H. Marshall, William A. Booth, Gerritt Smith, William A. Hall, William Allen, John Jay, Abraham Baldwin, A. S. Barnes, Hiram Barney, Seth B. Hunt, Samuel Holmes, Charles Collins, R. R. Graves, Walter S. Griffith, A. H. Wallis, D. S. Gregory, J. W. Alvord, George Whipple, A. S. Hatch, Walter T. Hatch, E. A. Lambert, W. G. Lambert, Roe Lockwood, R. H. Manning, R. W. Ropes, Albert Woodruff, and Thomas Denney, of New York; John M. Forbes, William Claflin, S. G. Howe, George L. Stearns, Edward Atkinson, A. A. Lawrence, and John M. S. Williams, of Massachusetts; Edward Harris and Thomas Davis, of Rhode Island; Stephen Colwell, J. Wheaton Smith, Francis E. Cope, Thomas Webster, B. S. Hunt, and Henry Samuel, of Pennsylvania; Edward Harwood, Adam Poe, Levi Coffin, J. M. Walden, of Ohio, and their successors, are constituted a body corporate in the city of Washington, in the District of Columbia, by the name of the Freedman's Savings and Trust Company, and by that name may sue and be sued in any court of the United States.

SEC. 2. *And be it further enacted,* That the persons named in the first section of this act shall be the first trustees of the corporation, and all vacancies by death, resignation, or otherwise in the office of trustee shall be filled by the board, by ballot, without unnecessary delay, and at least ten votes shall be necessary for the election of any trustee. The trustees shall hold a regular meeting at least once in each month to receive reports of their officers on the affairs of the corporation, and to transact such business as may be necessary; and any trustee omitting to attend the regular meetings of the board for six months in succession may thereupon be considered as having vacated his place, and a successor may be elected to fill the same.

SEC. 3. *And be it further enacted,* That the business of the corporation shall be managed and directed by the board of trustees, who shall elect from their number a president and two vice-presidents, and may appoint such other officers as they may see fit; nine of the trustees, of whom the president or one of the vice-presidents shall be one, shall form a quorum for the transaction of business at any regular or adjourned meeting of the board of trustees; and the affirmative vote of at least seven members of the board shall be requisite in making any order for, or authorizing the investment of, any moneys, or the sale or transfer of any stock or securities belonging to the corporation, or the appointment of any officer receiving any salary therefrom.

SEC. 4. *And be it further enacted,* That the board of trustees of the corporation shall have power, from time to time, to make and establish such by-laws and regulations as they shall judge proper with regard to the elections of officers and their respective functions, and generally for the management of the affairs of the corporation, provided such by-laws and regulations are not repugnant to this act, or to the Constitution or laws of the United States.

SEC. 5. *And be it further enacted,* That the general business and object of the corporation hereby created shall be to receive on deposit such sums of money as may, from time to time, be offered therefor, by or on behalf of persons heretofore held in slavery in the United States, or their descendants, and investing the same in the stocks, bonds, Treasury notes, or other securities of the United States.

SEC. 6. *And be it further enacted,* That it shall be the duty of the trustees of the corporation to invest, as soon as practicable, in the securities named in the next preceding section, all sums received by them beyond an available fund, not exceeding one-third of the total amount of deposits with the corporation, at the discretion of the trustees, which available funds may be kept by the trustees to meet current payments of the corporation, and may, by them, be left on deposit, at interest or otherwise, or in such available form as the trustees may direct.

SEC. 7. *And be it further enacted,* That the corporation may, under such regulations as the board of trustees shall, from time to time, prescribe, receive any deposit hereby authorized to be received upon such trusts and for such purposes, not contrary to the

laws of the United States, as may be indicated in writing by the depositor, such writing to be subscribed by the depositor and acknowledged or proved before any officer in the civil or military service of the United States, the certificate of which acknowledgment or proof shall be indorsed on the writing; and the writing, so acknowledged or proved, shall accompany such deposit and be filed among the papers of the corporation, and be carefully preserved therein, and may be read in evidence in any court or before any judicial officer of the United States, without further proof; and the certificate of acknowledgment or proof shall be *prima facie* evidence only of the due execution of such writing.

SEC. 8. *And be it further enacted*, That all sums received on deposit shall be repaid to such depositor when required, at such time, with such interest, not exceeding seven per centum per annum, and under such regulations as the board of trustees shall, from time to time, prescribe, which regulations shall be posted up in some conspicuous place in the room where the business of the corporation shall be transacted, but shall not be altered so as to affect any deposit previously made.

SEC. 9. *And be it further enacted*, That all trusts upon which, and all purposes for which, any deposit shall be made, and which shall be indicated in the writing to accompany such deposit, shall be faithfully performed by the corporation, unless the performing of the same is rendered impossible.

SEC. 10. *And be it further enacted*, That when any depositor shall die, the funds remaining on deposit with the corporation to his credit, and all accumulations thereof, shall belong and be paid to the personal representatives of such depositor, in case he shall have left a last will and testament, and in default of a last will and testament, or of any person qualifying under a last will and testament, competent to act as executor, the corporation shall be entitled, in respect to the funds so remaining on deposit to the credit of any such depositor, to administration thereon in preference to all other persons, and letters of administration shall be granted to the corporation accordingly in the manner prescribed by law in respect to granting of letters of administration, with the will annexed, and in cases of intestacy.

SEC. 11. *And be it further enacted*, That in the case of the death of any depositor, whose deposit shall not be held upon any trust created pursuant to the provisions hereinbefore contained, or where it may prove impossible to execute such trust, it shall be the duty of the corporation to make diligent efforts to ascertain and discover whether such deceased depositor has left a husband, wife, or children surviving, and the corporation shall keep a record of the efforts so made, and of the results thereof; and in case no person lawfully entitled thereto shall be discovered, or shall appear, or claim the funds remaining to the credit of such depositor before the expiration of two years from the death of such depositor, it shall be lawful for the corporation to hold and invest such funds as a separate trust fund, to be applied, with the accumulations thereof, to the education and improvement of persons heretofore held in slavery, or their descendants, being inhabitants of the United States, in such manner and through such agencies as the board of trustees shall deem best calculated to effect that object: *Provided*, That if any depositor be not heard from within five years from the date of his last deposit, the trustees shall advertise the same in some paper of general circulation in the State where the principal office of the company is established, and also in the State where the depositor was last heard from; and if, within two years thereafter, such depositor shall not appear, nor a husband, wife, or child of such depositor, to claim his deposits, they shall be used by the board of trustees as hereinbefore provided for in this section.

SEC. 12. *And be it further enacted*, That no president, vice-president, trustee, officer, or servant of the corporation shall, directly or indirectly, borrow the funds of the corporation or its deposits, or in any manner use the same, or any part thereof, except to pay necessary expenses, under the direction of the board of trustees. All certificates or other evidences of deposit made by the proper officers shall be as binding on the corporation as if they were made under their common seal. It shall be the duty of the trustees to regulate the rate of interest allowed to the depositors so that they shall receive, as nearly as may be, a ratable proportion of all the profits of the corporation after deducting all necessary expenses: *Provided, however*, That the trustees may allow to depositors, to the amount of five hundred dollars or upwards, one per centum less than the amount allowed others: *And provided, also*, Whenever it shall appear that, after the payment of the usual interest to depositors, there is in the possession of the corporation an excess of profits over the liabilities amounting to ten per centum upon the deposits, such excess shall be invested for the security of the depositors in the corporation; and thereafter, at each annual examination of the affairs of the corporation, any surplus over and above such ten per centum shall, in addition to the usual interest, be divided ratably among the depositors in such manner as the board of trustees shall direct.

SEC. 13. *And be it further enacted*, That whenever any deposits shall be made by any minor, the trustees of the corporation may, at their discretion, pay to such depositor such sum as may be due to him, although no guardian shall have been appointed for

such minor, or the guardian of such minor shall not have authorized the drawing of the same; and the check, receipt, or acquittance of such minor shall be as valid as if the same were executed by a guardian of such minor, or the minor were of full age, if such deposit was made personally by such minor. And whenever any deposits shall have been made by married women, the trustees may repay the same on their own receipts.

SEC. 14. *And be it further enacted*, That the trustees shall not directly or indirectly receive any payment or emolument for their services as such, except the president and vice-president.

SEC. 15. *And be it further enacted*, That the president, vice-president, and subordinate officers and agents of the corporation shall respectively give such security for their fidelity and good conduct as the board of trustees may from time to time require, and the board shall fix the salaries of such officers and agents.

SEC. 16. *And be it further enacted*, That the books of the corporation shall, at all times during the hours of business, be open for inspection and examination to such persons as Congress shall designate or appoint.

Approved March 3, 1865.

AN ACT to amend an act entitled "An act to incorporate the Freedman's Savings and Trust Company," approved March third, eighteen hundred and sixty-five.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the fifth section of the act entitled "An act to incorporate the Freedman's Savings and Trust Company," approved March third, eighteen hundred and sixty-five, be, and the same is hereby, amended by adding thereto, at the end thereof, the words following: "and to the extent of one-half in bonds or notes, secured by mortgage on real estate in double the value of the loan; and the corporation is also authorized hereby to hold and improve the real estate now owned by it in the city of Washington, to wit, the west half of lot number three; all of lots four, five, six, seven, and the south half of lot number eight, in square number two hundred and twenty-one, as laid out and recorded in the original plats or plan of said city: *Provided*, That said corporation shall not use the principal of any deposits made with it for the purpose of such improvement.

SEC. 2. *And be it further enacted*, That Congress shall have the right to alter or repeal this amendment at any time.

Approved May 6, 1870.

BY-LAWS OF THE FREEDMAN'S SAVINGS AND TRUST COMPANY, CHARTERED BY ACT OF CONGRESS MARCH 3, 1865.

By its charter this institution is under the management of a board of fifty trustees, of whom nine, including the president, or one of the vice-presidents, are a quorum for the transaction of business at any regular or adjourned meeting of the board, except that ten affirmative votes are required to elect a trustee.

I.—*Meetings of the board.*

The board of trustees shall meet regularly on the second Thursday of each month. The regular meetings of the board shall be held at the office of the company in the city of Washington, which is hereby declared to be the *principal* office of the company.

II.—*Officers.*

The board shall annually, at the regular meeting held in the month of March, or at an adjourned meeting held during the month, elect a president and a first and a second vice-president, to hold office for one year or until their successors are elected.

The board shall appoint an actuary, and such other officers, agents, clerks, and servants as they may deem requisite to transact the business of the company, who shall hold their appointments during the pleasure of the board. They shall also, at the same time, appoint the standing committees of the board.

III.—*Presiding officer.*

The president, or in his absence the first or second vice-president, shall preside at the meetings of the board. In case neither are present, the board may appoint a chairman *pro tem.*

IV.—*Order of business.*

At all regular meetings of the board the following shall be the order of business:
1. The minutes of the last meeting.
2. General report of the business and assets of the company.
3. Minutes of the finance committee.
4. Minutes of the agency committee.
5. Minutes of the education and improvement committee.
6. Reports of other committees.
7. Unfinished business.
8. New business.

V.—*Vacancies.*

All vacancies occurring in the board may be filled at the next regular meeting after the existence of such vacancy shall be announced. The election shall be by ballot; and it shall require the affirmative vote of at least ten trustees to elect.

In case of any vacancy occurring among the officers, agents, clerks, or servants of the company, the same may be filled at any regular meeting of the board.

VI.—*Powers and duties of officers.*

The president shall have the custody of the corporate seal and of all the property, funds, and securities of the company, subject at all times to the control and direction of the board or of the finance committee. He shall be a member, *ex officio*, of all the standing committees.

In case of the absence, death, or resignation of the president, the first, or in case of his inability or failure to act the second, vice-president shall possess the powers and perform the duties of the president until the next meeting of the board, or until the president shall return to his post, or his successor shall be elected.

The actuary and all other officers, agents, clerks, or servants of the company shall perform such duties as may be required of them respectively from time to time by the board of trustees, or president, or acting president, and shall give such security for the faithful performance of their duties as the board or finance committee may from time to time require.

VII.—*Finance committee.*

The board shall annually appoint a finance committee of five trustees.

It shall be the duty of the finance committee, under the direction of the board, to exercise a general supervision and control of all the funds, securities, and property of the company; to direct as to the temporary deposit or loan of funds, and as to the investment thereof. No securities belonging to the company shall be sold or transferred, except as authorized by a vote of the finance committee, duly recorded, in which at least three members of the committee shall concur.

The finance committee may adjust and settle all claims against the company to an amount not exceeding one thousand dollars, and they may employ counsel in any case in their discretion.

They shall meet regularly at least once in each month, and shall keep full minutes of their proceedings, which shall be submitted as their report at each regular meeting of the board.

VIII.—*Examining committee.*

The board shall annually appoint an examining committee of three trustees, whose duty it shall be, as often as they deem it expedient, but at least twice in each year, to examine carefully all the books, accounts, securities, and business of the company, and report thereon at the next meeting of the board. Their semi-annual examination shall be made in the months of February and September.

IX.—*Agency committee.*

The board shall annually appoint a committee of seven trustees, three of whom shall constitute a quorum, to be called the agency committee. It shall be their duty, subject to the control and direction of the board, to appoint, control, and remove all agents of this company who shall be authorized to act in its behalf at any other place than the office where its principal business is conducted; to prescribe the duties and emoluments of such agents, and generally to supervise all the business of the company which shall be transacted by such agents.

X.—*Education and improvement committee.*

The board shall annually appoint a committee of seven trustees, to be called the education and improvement committee, whose duty it shall be to take the general supervision of the use of the fund provided for in the charter, and therein designated as a

special trust fund, to be applied, with the accumulations thereof, to the education and improvement of persons heretofore held in slavery, or their descendants, being inhabitants of the United States. They shall devise and suggest to the board a plan for the accummulation of the fund and for its use; shall conduct the correspondence connected with the subject; and shall from time to time, and at least four times in each year, report the minutes of their proceedings for the approval of the board.

The first vice-president shall be *ex-officio* a member of this committee.

XI.—*Deposits and depositors.*

Deposits to the amount of one dollar or more shall be received from or on behalf of persons heretofore held in slavery in the United States or their descendants.

All deposits shall be regularly entered in the books of the company. In the case of ordinary deposits the amount shall also be entered in a book to be furnished to the depositor, which shall be the voucher for his or her deposits. All payments made to persons presenting such deposit-books shall be valid payments to discharge the company.

Each deposit received under section 7 of this charter shall be accompanied with a declaration of trust, in which shall be fully set forth the name of the depositor, with a description of his or her person, the amount deposited, and the person or persons to whom the same shall be payable in case the depositor shall die, leaving the amount, or any part thereof, on deposit. This declaration of trust shall be executed in triplicate, one copy of which shall be kept in a book which the company shall provide for the purpose; one copy shall be retained by the depositor and the other copy shall be delivered to the teller or clerk when the deposit is received at the principal office of the company. Such declaration of trust shall be subscribed by the depositor and acknowledged or proved before some officer in the civil or military service of the United States, whose certificate of acknowledgment shall be indorsed thereon.

XII.—*Dividends.*

On the third Monday of January and July in each year shall be paid, on all sums of five dollars and upwards which shall have been on deposit as provided in the "Rules and Regulations" of the company, such interest as the profits of the company will justify.

Moneys withdrawn between the periods fixed for the payment of interest shall be entitled to the interest which had accrued at the last triennial statement, and no more. At each period fixed for the payment of interest, the amount of interest due to each depositor shall be added to the principal of the deposit, and interest shall thereafter be paid thereon as in the case of an original deposit.

XIII.—*Investments and disbursements.*

All moneys received on deposit, except so much as the finance committee shall deem requisite to reserve for immediate use, shall be invested in the public stocks of the United States in the name of the Freedman's Savings and Trust Company, or loaned on real estate security as provided in the amendment to the charter approved May 6, 1870.

The funds of the company not invested as aforesaid shall be deposited in such bank or banks or other moneyed institutions as the finance committee shall appoint, subject to drafts of the company, signed by the president or acting president and actuary; or such funds may be invested or loaned under the direction of the finance committee on call or at short time on such securities as the board or the finance committee shall from time to time approve.

XIV.—*Payments of deposits.*

Deposits may be paid to the depositor in person on being identified to the satisfaction of the officers of the company or to any person presenting the deposit book, or a power of attorney from the depositor to receive the same, properly executed and authenticated. Payment shall be made in funds receivable on deposit by the national banks in the city of Washington.

XV.—*Honorary and advisory members of the board.*

The board may, from time to time, in its discretion, appoint at various places such persons as they may deem qualified, by their position and influence and their known sympathy with the objects of this company, to act as honorary and advisory members

of the board, to aid and advise the board, its officers, committees, and agents, as they may be able, and to hold office until the next annual election. They shall have the right to sit at the board when present at any of its regular meetings and to take part in its discussions, but not to vote.

XVI.—*Trustees' attendance.*

If any trustee shall fail to attend the meetings of the board, or to perform the duties devolving on him as a member of any of the committees of the board, for the term of six successive months, without excuse satisfactory to the board, he shall be considered as having resigned the office of trustee.

XVII.—*Amendments.*

These by-laws may be altered or amended at any regular meeting of the board; *Provided*, That notice of the proposed alteration or amendment shall have been submitted in writing to the board at the regular meeting next preceding; *And provided also*, That each trustee shall be furnished in writing with a notice of the proposed change at least ten days previous to the meeting at which it shall be acted upon.

46TH CONGRESS, 2d Session.

S. 711.

[Report No. 440.]

IN THE SENATE OF THE UNITED STATES.

JUNE 21, 1879.—Mr. GARLAND, from the Select Committee on the Freedman's Savings and Trust Company, reported the following bill; which was read the first and second times by unanimous consent.

APRIL 2, 1880.—Reported by Mr. BRUCE with an amendment, viz: Strike out all after the enacting clause and insert the part printed in *italics*.

A BILL amending the charter of the Freedman's Savings and Trust Company, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled [for part stricken out see page 46, this appendix], *That so much of the seventh section of the act entitled "An act amending the charter of the Freedman's Savings and Trust Company, and for other purposes," approved June twentieth, eighteen hundred and seventy-four, as authorizes the selection and appointment of three commissioners, be, and the same is hereby, repealed.*

SEC. 2. *That the Secretary of the Treasury is hereby authorized and directed to appoint the Comptroller of the Currency a commissioner, who shall execute a bond to the United States, with good securities, in the penal sum of twenty thousand dollars, conditioned for the faithful discharge of his duties aforesaid, and take an oath faithfully to perform his duties, which bond shall be executed in the presence of said Secretary and approved by him, and by him safely kept; and when said bond shall have been executed, and oath taken, then said commissioner shall be invested with the possession and legal title to all the property of said company for the purposes of this act and the said act of June twentieth, eighteen hundred and seventy-four, and shall have all the rights, prerogatives, and privileges, and perform all the duties that were conferred and enjoined upon the three commissioners in said act of June twentieth, eighteen hundred and seventy-four; and from and after the qualification of said Comptroller as said commissioner the duties, rights, and authority of said three commissioners shall forthwith cease and determine: Provided, That nothing contained in this act shall in any way impede or delay any case or cases instituted in any court by or against the commissioners appointed under the provisions of the act to which this act is amendatory, but every such case shall, upon suggestion of the appointment of the Comptroller aforesaid, and due entry of the change on the docket of the court in which said case may be pending, be proceeded with in the name of such Comptroller in the same manner as if such change had not been made.*

SEC. 3. *That said commissioner, with the approval of the Secretary of the Treasury, shall have the right and authority to compound and compromise debts due to and liabilities of the company.*

SEC. 4. *That said commissioner, with the approval of the Secretary of the Treasury, shall have the right and authority to sell any of the real and personal property of said company at public or private sale as in his judgment he may deem best, and to buy in for the benefit of the company any property which may be offered for sale to pay debts and liabilities to said company, if in his judgment said property is being sacrificed by said sale, and to make to the purchasers of property sold by him deeds of conveyance for their respective purchases.*

SEC. 5. *That said commissioner shall, by the tenth day of each annual session of Congress, make a written report to Congress of his proceedings up to the first day of said session; and for his service as commissioner aforesaid he shall, in addition to his present salary as Comptroller, receive an annual salary of one thousand dollars, to be paid out of the funds of said institution.*

SEC. 6. *That whenever said commissioner is prepared to make a dividend to the depositors, he is authorized and directed, through the United States Treasurer, to place in the various depositary banks of the United States which are convenient to said depositors an amount sufficient to pay them, and the officers of said banks shall pay the depositors or their assignees, and take receipts from them in such way and manner as shall be prescribed by said commissioner and the Secretary of the Treasury; and said evidences of payment shall be returned by said officers to the commissioner, and by him preserved: Provided, That where there are no depositary banks of the United States, then said commissioner may, with the approval of the Secretary of the Treasury, pay the depositors in said localities in such way as he may deem best.*

SEC. 7. *That said commissioner, with the approval of the Secretary of the Treasury, may prescribe such form as he may deem right and proper for the depositors to transfer their claims: Provided, Every such transfer shall state the amount of the claim transferred, and the amount actually received for the same.*

SEC. 8. *That said commissioner shall make payments to those depositors only whose pass-books have been properly verified and balanced, unless said pass-books have been lost or destroyed; then, upon satisfactory proof of such loss or destruction, and the amount due them, he may pay as though they had pass-books. But all claims founded on pass-books or otherwise not presented to said commissioner for examination and credit within months from and after the passage of this act, as well as all dividends declared upon audited accounts not called for within years from the date of their declaration, shall be barred, and their amounts shall inure to the benefit of the other depositors of the company.*

SEC. 9. *That it shall be the duty of the Solicitor of the Treasury, under the direction of said commissioner, to investigate the manner in which said company has been managed by its trustees and others having control thereof; and if, in the judgment of said Solicitor, the affairs of said company have been mismanaged, or managed fraudulently and corruptly, then said Solicitor, under the direction of said commissioner, shall cause such civil and criminal proceedings to be instituted in the courts against those participating in said mismanagement or fraudulent and corrupt management as he shall deem right and proper to attain the ends of justice. He shall pay fees and costs of suits out of the funds in his hands as commissioner aforesaid; and said Solicitor shall attend to all the suits in the courts held in the District of Columbia in which such company is in any manner a party, and he shall be the legal adviser of such commissioner in all matters in which such company is interested.*

SEC. 10. *That if from any cause there shall be any considerable delay in making a dividend to the depositors, then said commissioner shall, under the direction of the Secretary of the Treasury, invest the funds on hand in United States bonds, until such time as he may be prepared to make a dividend, as directed under the act of June twentieth, eighteen hundred and seventy-four.*

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