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IN THE SENATE OF THE UNITED STATES.

FEBRUARY 11, 1893.—Ordered to be printed.

U. S. Congress. Senate.

Mr. CHANDLER, from the Committee on Failed National Banks, submitted the following

REPORT:

[To accompany S. 3730.]

This committee was appointed June 2, 1892, in pursuance of the following resolution:

Resolved, That a committee of five Senators be appointed to inquire whether the existing provisions of the laws relative to national banks and the customary proceedings under said laws in cases of failures of such banks furnish sufficient protection to the depositors and other creditors and to the stockholders of such failed banks; said committee to report by bill or otherwise, and to have power in pursuing its inquiry to investigate any recent failures of such banks, and any violations of law and irregularities happening in connection therewith; and said committee, or a majority thereof, to have authority to administer oaths to witnesses and take testimony in Washington or elsewhere, according to its discretion, during the present session or the recess of Congress; to send for persons and papers, and to employ a stenographer and an expert; the expenses of the investigation to be paid from the contingent fund of the Senate.

MEMBERSHIP OF THE COMMITTEE.

The committee as first appointed on the day of the passage of the resolution consisted of Senators William E. Chandler, Anthony Higgins, William A. Peffer, Isham G. Harris, and John R. McPherson; but on June 15 Senator Higgins was excused and Senator Nathan F. Dixon was appointed. On June 28 Senators Harris and McPherson were excused and on June 29 Senators John G. Carlisle and Calvin S. Brice were appointed.

THE METHODS OF THE INQUIRY.

The committee took testimony in Washington beginning June 17, and in Boston ending August 30, 1892, and fully investigated the failure of the Maverick National Bank of Boston; also examined to a limited extent the failures of the Keystone and Spring Garden National banks of Philadelphia (which were being made the subject of full simultaneous inquiry by the House Committee on Banking and Currency—Fifty-second Congress, second session, House Report No. 2342); and further obtained from the Comptroller of the Currency and the receivers of the various failed banks throughout the country much information relative to the causes of the failures of such banks, and lastly carefully interrogated the Comptroller, Mr. Edward S. Lacey, concerning the rules, regulations, and methods adopted in the Treasury Department to preserve the solvency of the national banking associations.

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FAILURES OF BANKS SINCE THE BEGINNING OF THE SYSTEM.

The first failure of any national bank was that of the First National Bank of Attica, N. Y., on April 14, 1865, and the last failure (to the time of the committee's inquiry), the one hundred and seventy-sixth in number, was that of the Lima, Ohio, National Bank, occurring March 21, 1892. The statistics of these 176 failures are contained in the report of Comptroller Lacey for 1891, and in his testimony before this committee. In that report, speaking of the 164 failures which had then happened, he says (testimony, page 147):

Since the foundation of the system 4,648 associations have been organized, of which 164 have become insolvent, equal to about 3½ per cent for a period of twenty-nine years. Of this number the affairs of 102 have been finally settled, representing \$28,544,992 of proved claims, upon which the claimants have received on an average 74.17 per cent, constituting a net loss to depositors of \$7,372,036. The affairs of 62 banks are still unsettled, representing claims proved to the amount of \$29,247,036, on which have been paid \$17,456,167, leaving assets estimated at \$3,702,925 yet to be distributed, which would represent a loss to creditors of \$8,087,944.

It will be observed that losses to creditors of national banks during the twenty-nine years of the existence of the system, taking the amounts ascertained and the amounts estimated, aggregate \$15,459,980, or an average of \$533,103 per annum during the life of the system.

The average amount of liabilities of all the banks since 1863 approximate \$1,055,434,022, indicating that the annual average loss to the creditors of national banks for the period of twenty-nine years has been only one-twentieth of 1 per cent.

These results of the workings of the national banks during a period of nearly thirty years certainly indicate to your committee that, as a whole, the system produces as few losses and failures as can be expected under any system of banking which can be devised.

There have, however, been many failures which could have been avoided if the system had been made as perfect as it might have been. Comptroller Lacey stated to the committee at length the measures adopted by the Treasury Department for the examination of banks under ordinary circumstances, for compelling their officers to comply with the requirements of the laws and for ensuring their prudent and solvent management. These measures as described seemed to the committee to be judicious and complete, and it appeared as if they ought to have prevented the most disastrous failures which have occurred. Nevertheless, Comptroller Lacey testified as follows (testimony, p. 176):

• CAUSES OF DISASTROUS FAILURES OF KEYSTONE, SPRING GARDEN, AND MAVERICK BANKS.

The CHAIRMAN. Will you be kind enough to state now what have been the most disastrous failures of national banks that you have had occasion to deal with?

Mr. LACEY. Those involving the greatest losses have been the Keystone National Bank, of Philadelphia, the Spring Garden National Bank, of Philadelphia, and the Maverick National Bank, of Boston.

Senator PEPPER. All during 1891.

The CHAIRMAN. In a general way, were these failures caused by the absorption of the funds of the banks in large sums by a few individuals?

Mr. LACEY. They were, and very largely by those in the management of the banks in all three cases.

The CHAIRMAN. By officers?

Mr. LACEY. By officers and directors of the associations in each of these three cases.

The Comptroller then proceeded to give some explanations of the failures of these three banks, happening in a year of great depression at home and abroad, and then continued as follows (testimony, page 178):

The CHAIRMAN. You do not think, however, that under any possible condition of affairs either the Keystone or the Spring Garden or the Maverick National Bank was wisely or judiciously managed?

Mr. LACEY. No, sir. The Keystone bank was the most corruptly managed of any institution that I know anything about. It was full of criminality and corruption and misappropriation of funds from its very entrance into the system until its final closing.

The Comptroller had also answered as follows (testimony, page 176):

The CHAIRMAN. As a matter of fact, can not the most disastrous failures that have taken place be traced as a general proposition to excessive loans to one individual, firm, or association?

Mr. LACEY. They are frequently traced to excessive loans, but more often to evasions of the law which technically do not amount to unlawful loans, but which in reality are unlawful.

The CHAIRMAN. I perhaps did not make my question plain. Without reference to the question whether it is unlawful in form as well as fact, is not the most frequent cause of failure the absorption of the funds of the bank by a few individuals?

Mr. LACEY. Yes, sir; directly or indirectly the loans are excessive.

The CHAIRMAN. That is the great cause of failures?

Mr. LACEY. Yes, sir.

The CHAIRMAN. That is to say, if you could so administer the system that there should be no excessive loans to one individual or one firm or one association of individuals, you would lessen the failures?

Mr. LACEY. Very decidedly.

The CHAIRMAN. Is it not true also that in most cases where this evil is the greatest the excessive loans have been made to officers of the bank?

Mr. LACEY. That is very frequently the case. I could not say it was so in a majority of cases without further investigation, but it is so in a very large number of cases.

UNFAITHFULNESS OF BANK EXAMINERS.

After learning the causes of these most disastrous failures, it occurred to the committee that there must have been gross neglect of duty on the part of the bank examiners in Philadelphia and Boston. Mr. Lacey was, however, reluctant to so assert. He testified as follows (testimony, page 178):

The CHAIRMAN. There is only one other point I wish to examine you about; that is this: Must or must not the lack of knowledge on your part of the condition of the Keystone, Spring Garden, and the Maverick banks down to a late period be attributable to lack of fidelity on the part of the examiners?

Mr. LACEY. I wish to give facts, and I do not wish to characterize the action of anybody. It is very certain that the conditions existing were not officially made known to me by the examiners or made known to me in any way. Whether or not they were deceived must be deduced from the testimony submitted to your committee.

The CHAIRMAN. Would it not be fair to ask you, taking the case of the Keystone and Spring Garden national banks, which were examined by Mr. Drew, and the Maverick National Bank, examined by Mr. Magruder, whether it would have been possible that these men could have been deceived as to the condition of these banks for so long a period prior to the date when they communicated the damaging facts to you?

Mr. LACEY. I should hardly want to answer that question. I would much rather leave it to the committee after examining the records.

The CHAIRMAN. They were subordinates of yours. Your reputation has been brought in question in connection with the failure of these banks inasmuch as they failed under your administration. Very important facts came to your knowledge at a late date. Is it unfair to ask you whether or not these examiners were faithful to their duty?

Mr. LACEY. There are two matters to which I desire to allude in connection with these two examiners. One is that Mr. Drew has not yet been examined by the committee of the House. The expert, Mr. Barrett, who investigated the Keystone and Spring Garden national banks, has given his testimony in full before the House Committee on Banking and Currency. I understand that Mr. Drew is to be called before that committee for the purpose of explaining matters which need explanation in connection with it. I hardly think it is proper for me to characterize his action until he has been heard. It is sufficient now for me to say that Mr. Drew resigned one year ago at my request.

In the other case, Mr. Magruder was a man very highly esteemed, and during his lifetime was looked upon as a man of integrity and great skill. Mr. Magruder is

dead. I certainly hope that you will not insist upon my characterizing his action in the matter under the circumstances.

The CHAIRMAN. I will ask this question, then, because I have a right to ask it and I think you ought to give an opinion. Looking at these three bank failures and the condition of the banks for a long time anterior to the failures, in your judgment would the disastrous failures have taken place had the banks been carefully and thoroughly examined in the manner contemplated by the system of examination as you have undertaken to administer it, and would the insolvencies have grown up and the disastrous failures taken place if the system of bank examinations had gone on properly?

Mr. LACEY. I think it was entirely possible to have discovered the insolvency of the Spring Garden and Keystone national banks prior to the time when it was disclosed to this office. I think that very large losses in the Maverick National Bank might have been discovered and reported to this office prior to the time they were disclosed and the bank closed.

The CHAIRMAN. I will not question you further on that point except to ask you this: Whether these three banks would ever have been in the condition that they finally reached if there had been no excessive loans, either direct or indirect, faithful examination by the examiners, and truthful reports made of their condition to the Comptroller?

Mr. LACEY. Under those conditions the losses might have been discovered and insolvency prevented.

The CHAIRMAN. I assume both conditions, because I am trying to get at the trouble with the national banking system. You have expressed an opinion about excessive loans. Now, absent, excessive loans to one individual or a few individuals; present, faithful and honest examinations during the last half dozen years, would these failures have taken place?

Mr. LACEY. Losses to creditors might have been prevented in each case under these conditions.

I may be permitted to say just here that the reports of the examiner of the Maverick National Bank have been laid before your committee, and it will be discovered by looking at them that not even impairment of capital was ever shown by either one of the reports, to say nothing of insolvency.

Senator DIXON. The committee have the last report?

Mr. LACEY. Yes, sir.

The CHAIRMAN. You did not know of these enormous direct and indirect loans to Messrs. French and Potter until January or February of last year?

Mr. LACEY. No, sir.

The CHAIRMAN. Are you willing to express an opinion as to whether Mr. Magruder knew about them before that time?

Mr. LACEY. I can not express an opinion about that.

Mr. Lacey, being asked if he wished to make any other statement about the failed banks, said (testimony, page 180):

Mr. LACEY. The only other prominent failure involving large loss that is upon this list is the California National Bank, of San Diego, Cal., which largely resulted from the same causes that produced the failures of the Spring Garden, Keystone, and Maverick banks; the misappropriation of funds and excessive loans to the officers of the bank. Eliminating these four large banks from the list that I have submitted, the failures are moderate in size and are not particularly disastrous in point of percentage paid claimants.

Mr. Lacey was further pressed as to the neglect of examiners, as follows (testimony, page 180):

The CHAIRMAN. What do you think of a system of examination which did not reveal the fact that the Keystone Bank, starting in 1875, and the Spring Garden Bank, entering the system in 1886, were insolvent when they entered the system and continued in that condition until disaster and failure came?

Mr. LACEY. I would not want to give an opinion in regard to that without referring to the testimony of the experts. The liabilities of the Keystone Bank were largely understated on the books of the bank, and it resolved itself into a question of expert examination as to whether or not the suppression of the liabilities of the bank was of such a character that the examiner could not reasonably have been expected to ascertain it.

The CHAIRMAN. How long had Mr. Drew been there?

Mr. LACEY. Mr. Drew had been an examiner for about seventeen years and had been in Philadelphia a large part of that time.

The CHAIRMAN. Why do you have any hesitancy in saying, then, that the fact

that these banks were insolvent when they went into the system and continued insolvent all the time was owing to the neglect of Mr. Drew?

Mr. LACEY. Because I have not made any personal examination of the books and the records of the bank, and depend entirely upon the testimony of Mr. Barrett. Hence it would be hearsay on my part to make such a statement.

The CHAIRMAN. You believe the banks were insolvent when they went into the system, because you have already said so?

Mr. LACEY. No; I said the testimony of the experts tends to show that the banks were insolvent when they went in.

The CHAIRMAN. You stated it in a way that led to the inference that you thought they were insolvent?

Mr. LACEY. That is the impression made upon my mind by the report of the experts who made the examination.

The CHAIRMAN. Then what of the examiner who had been there seventeen years?

Mr. LACEY. It is true that he did not ascertain the facts and report them to this office.

Senator PEPPER. How long had this Philadelphia man been sending reports from the Spring Garden and Keystone banks?

Mr. LACEY. These banks, which failed, had been under his supervision every year ever since they entered the system until they were finally closed, and he had examined them twice a year during the entire period.

Senator PEPPER. The same question in reference to the Boston bank?

Mr. LACEY. Mr. Magruder had been in charge of the Boston banks for at least ten years, and had examined them at least once a year, or perhaps twice.

Senator PEPPER. Making reports regularly?

Mr. LACEY. Yes, sir; making reports of their condition.

Mr. Lacey seemed disposed to palliate the disastrous bank failures which had occurred under his administration, and said (testimony, page 182):

Mr. LACEY. * * * Aside from the losses occasioned by reason of the direct and indirect excessive loans to directors of the Maverick National Bank, it was an exceedingly well-managed bank, and the fact that within seven months from the time it closed its doors we have been able to pay the creditors 80 per cent upon their claims and still have a large amount of assets undistributed shows that in the main their loans were well made and their affairs very prudently and well conducted.

The CHAIRMAN. Although there would be 10 per cent on over \$10,000,000—that is, over \$1,000,000 loss—\$400,000 capital and \$800,000 surplus gone.

Mr. LACEY. Yes, sir; that is, provided there is \$1,000,000 loss. The estimate, I believe, is \$800,000 or about that. There was not \$10,000,000 of liabilities; it was slightly over \$8,000,000.

The CHAIRMAN. It is about that sum. The whole capital, \$400,000, and \$800,000 surplus on the books—that is, \$1,200,000—are gone, and it is not expected that it will pay over 90 per cent. Now, with these slight exceptions, the bank was pretty well managed, as you state the case now?

Mr. LACEY. Yes. What I mean to say is that with the exception of these losses that occurred through the directors of the bank, if we had eliminated the fact that they had themselves been excessive borrowers, there would have been comparatively no loss.

The CHAIRMAN. Three of them absorbing among them nearly \$2,000,000.

Mr. LACEY. Nearly \$2,000,000.

The CHAIRMAN. What is the probable result in the case of the Keystone and Spring Garden National Banks as far as can be seen?

Mr. LACEY. It is estimated that the Keystone National Bank will pay its creditors about 37 per cent, and the Spring Garden will pay its creditors about 45 per cent.

The CHAIRMAN. State the capital and the surplus of each which is gone.

Mr. LACEY. The capital of the Keystone was \$500,000 and that of the Spring Garden \$750,000. It is worthy of remark that both of these banks, whose failures are perhaps the most disastrous on record, were organized under the State system, and had apparently been in an almost or quite insolvent condition at the time they were introduced into the national system. The Maverick had also been a State bank.

Senator DIXON. That appeared after their failure?

Mr. LACEY. Yes.

Senator DIXON. Not before?

Mr. LACEY. No, sir. What I mean is they were all three State banks.

The CHAIRMAN. If that be true, that seems to put a very distinct imputation upon the national methods of examination. Here is Philadelphia, three hours' ride from

Washington, so that the banks are right under the eye, so to speak, of the Department, and they had been insolvent all this time and we never found it out until a year ago.

Mr. LACEY. Their being 100 miles from Washington does not really make the Comptroller any more acquainted with their affairs than if they had been further away, because his only source of information is through reports of the examiner.

Senator DIXON. And this was one of the most experienced examiners in the service?

Mr. LACEY. He was looked upon as being the equal of any man in the service.

The CHAIRMAN. Did he or did he not make a return about the Keystone bank omitting to report \$544,000 of its liabilities?

Mr. LACEY. In his report of January 24, 1891, he omitted to state liabilities of the Keystone National Bank amounting to \$544,851, which amount was in excess of the entire capital of the bank.

BANK EXAMINER WILLIAM P. DREW.

The facts in relation to the Keystone and Spring Garden National banks and Examiner Drew are fully stated in the testimony taken by the House Committee on Banking and Currency. Referring to Mr. Drew's omission to report the true liabilities of the Keystone bank, Comptroller Lacey made against him this charge (House testimony, p. 245.):

By Mr. WALKER:

Q. What date was it that he made the omission?—A. That was the first report made by Mr. Drew, dated January 24, 1891.

Q. What is the date of the next report?—A. The next report was dated February 16, 1891.

Q. When did the bank fail?—A. It was closed March 19, 1891. The final report was the one dated February 28, which reached me about the 2d of March.

Q. What action did you take upon the report when it was first communicated to you?—A. I made an assessment upon the capital stock.

Q. Immediately?—A. Yes, sir; but let me call attention to this fact: The report of January 24, 1891, did not state the clearing-house liabilities of \$544,851.46. It valued the Sea Girt property at three hundred and fifty-five thousand and some odd dollars. The report of February 16 stated the liabilities on clearing-house certificates at a reduced sum, but it stated the Sea Girt property as valued at \$700,000 instead of \$355,000, which increased the resources as well as the liabilities.

Q. What did the Sea Girt property prove to be worth?—A. Nothing has been realized from it; but a recent valuation upon it shows that in any event it is not worth over \$372,000, if you include some considerable portion of the stock pledged to Bardsley to secure the city treasurer's account.

The report of January 24, 1891, is contained in the House testimony, page 114, and contains a formal balance sheet of resources, \$1,883,081.34, and liabilities, \$1,883,081.34. Mr. Drew appeared before the House committee January 6, 1893, and said (House testimony, p. 505):

On the 25th of January, 1891, it being Sunday, with the results obtained above indicated, I made in the bank a rough statement of its condition, which I marked "preliminary," and in the letter of transmittal stigmatized as "a sort of a statement" of the condition of the bank. I dated it as the close of the 24th. * * *

Q. What was that preliminary statement intended to show?—A. The bank was in trouble and I wanted to give some results as far as I went. It was nothing more than a reconnaissance. * * *

Q. How could it result in anything that is worth suggesting unless there was some hint as to the total assets and total liabilities?—A. Well, it didn't amount to much, except it showed that the clearing house were aware of the condition of affairs, and we were trying to get the bank on its feet and get the money from the Lucas estate. That was about all of it.

Mr. Drew further testified (House testimony, page 508):

Q. It comes to this, then, if I understand it, that examinations of banks are of great advantage just where banks are conducted by honest men who may be unskilled, but of no value or practically none, where rascals have control of the bank?—A. Yes; and in this case please remember that it was not the teller or the cashier, but it was president of the bank, it was the manager of the bank, and its accredited head.

By Mr. BROSIUS:

Q. In connection with this question whether, under existing laws and regulations as to national banks, it is an easy matter for a liability against a national bank, amounting to \$1,000,000, to be concealed so successfully as to elude the vigilance of an alert and capable examiner of that bank?—A. Yes, sir; nothing short of omniscience would detect it.

It further appeared (House testimony, p. 476) that Examiner Drew, on January 31, 1882, borrowed from the Keystone bank \$1,800 on a note which was still due the bank February 26, 1887, and which John C. Lucas, president of the bank, then appears to have paid on that day by a check for \$1,800, which Mr. Lucas borrowed of the bank on his own note. Mr. Drew, when he appeared before the House committee January 6, 1893, and endeavored to show that he had diligently examined the Keystone bank (House testimony, p. 501), made no explanation of the payment by Mr. Lucas for him of this sum of \$1,800.

ASSISTANT BANK EXAMINER WILLIAM TRENHOLM.

One of Mr. Drew's assistants, Mr. William Trenholm, also seems to have borrowed money of the Keystone Bank. An overdraft of his appears in the receiver's report for December 31, 1891, amounting to \$6,784.94, which had accumulated between October 1, 1888, and September 7, 1889. April 10, 1889, Mr. Trenholm was credited with \$6,000, the amount of his sight draft on the First National Bank of Charleston, S. C., but it was never paid and was charged back to him on May 6. An examination of the Keystone bank began April 9, 1889, and ended April 13, 1889. Mr. Trenholm was a witness before the House committee (pp. 432 and 436) and disclaimed owing the bank anything, and said that he had concluded to let a suit be brought in the courts and then be heard. Mr. Trenholm was offered an opportunity to appear before this committee, but replied that he did not care to do so.

MR. ALURED B. NETTLETON, ASSISTANT SECRETARY OF THE TREASURY, AND NELSON F. EVANS, DIRECTOR IN THE SPRING GARDEN BANK.

Mr. Nettleton took an interest in the affairs of the Keystone National Bank while it was in the hands of Examiner Drew and before a receiver was appointed. He recommended to the Comptroller (testimony, p. 215) the appointment as receiver of Mr. Nelson F. Evans, of Philadelphia, and the Comptroller wrote Mr. Drew, making inquiry about him. Mr. Drew replied May 6, 1891 (House testimony, p. 189):

Mr. Evans is one of our most respected citizens and a very enterprising, energetic business man. He is an ex-president of the "Young Men's Christian Association" here, is president of "The Spring Garden Insurance Company," a successful institution, and a leading director in "The Spring Garden National Bank." In ability, skill, knowledge of business and credits, uprightness of character, and popularity, he is conspicuous.

Mr. Drew, however, stated that Mr. Evans was "a pretty good borrower at the bank," an indorser on paper at the Keystone bank, and generally a large borrower from the Spring Garden bank. On May 8, Mr. Nettleton, being then in Philadelphia, telegraphed Mr. Lacey:

Mr. Evans requests that his name be not considered further.

The Spring Garden National Bank failed May 8, with Mr. Evans indebted thereto in the sum of \$88,493.52 as direct liability, and \$111,000 indirectly by indorsement and otherwise, the capital of the bank being \$750,000, and the legal limit of loans \$75,000 (testimony, p. 195).

In Examiner Drew's report of May 8 (page 196) it is stated that "Mr. A. B. Nettleton has some \$40,000 accommodation paper overdue, whose value I am not able to report."

The schedule of the assets of the bank showed due from Mr. Nettleton \$45,666.70 (testimony, page 198), but at a later period the receiver, Mr. B. F. Fisher, concluded that Mr. Nettleton's real liability was \$26,230.25, upon four notes, for which the latter had given him a judgment note. Referring in a letter of June 20, 1892 (testimony, page 198), to two additional notes, amounting to \$15,333.35, he says:

After suspension there was found a check of Nelson F. Evans on the Keystone National Bank for \$15,333.35, dated March 13, 1891, to which was pinned the notice of maturity of the above two notes addressed to A. B. Nettleton. The said check is now in possession of the receiver, and is listed as a debt of N. F. Evans due this bank. The facts seem to be that upon March 13, 1891, Nelson F. Evans came to the bank and gave his check as aforesaid on the Keystone National Bank for the sum of \$15,333.35, dated said 13th day of March, 1891, and received in return for said check said two notes.

Mr. Nettleton claimed before the committee that the most of his indebtedness was by way of accommodation to Evans and Francis W. Kennedy, president of the bank, and that his indebtedness had been excessively reported by including notes which he had renewed without taking up the old notes. In this connection the exact testimony of Mr. Nettleton, of July 23, 1892, after he had once testified, and had visited Philadelphia and seen Mr. Evans, is applicable (testimony, page 212) :

Q. I wish now to call your attention to a statement made by you in your communication to this committee dated June 17, 1892, which is on page 201 of the testimony, where you state: "Upon the adjustment of the railway investment in 1890, and the resulting delivery to Mr. Evans of my two notes of \$7,500 each, my former accommodation note of \$15,000 was returned to me cancelled." Is that a correct statement?—A. That is correct with this explanation: If that language would properly bear the construction that it was done immediately upon the adjustment being agreed upon it would be misleading. The facts are precisely as I have testified.

Q. What you meant was that upon the adjustment of the railway investment in 1890, and the resulting delivery to Mr. Evans of your two notes of \$7,500 each, your former accommodation note of \$15,000 was not returned to you until the spring of 1891?—A. A better expression would have been: "Subsequent to the settlement of railway investment the note was returned to me cancelled." That would be strictly and historically correct.

Q. Is the statement incorrect and misleading as it stands?—A. To this extent. If the language would naturally bear the construction that the note was surrendered immediately upon the adjustment, then it was an unhappy choice of words.

By Senator DIXON:

Q. The fact was that the note was returned subsequently?—A. Yes, sir.

By the CHAIRMAN:

Q. You have stated that it was sometime in the spring of 1891?—A. Yes, sir.

Q. Was it after the bank failed, you think?—A. The exact fact, which was brought to my knowledge and recollection by my recent conversation with Mr. Evans for the first time since the time it occurred, is simply this: That note was delivered to me on the morning of May 8, the date of the failure of the bank. I was in New York on business, and received a telegram asking me to stop off at Philadelphia. I did so, and then for the first time learned (this was about 9 o'clock in the morning, perhaps) that there was any talk in regard to the Spring Garden Bank. I met Mr. Evans, and he handed me, as he now informs me—I thought they came by mail—in an envelope, the two notes named in this testimony.

Q. The \$15,000 note and the \$7,500 note, which latter represented your original guaranty?—A. Yes; that is right.

The only reasons why Assistant Secretary Nettleton's indebtedness, whatever it may be, to the Spring Garden National Bank is not paid appears from his testimony as follows (testimony page 214):

Q. Will you tell the committee why you have not paid this \$26,230.25 note of March 1, 1892, given to the receiver?—A. The last clause in my statement submitted

to the committee covers the case as far as I wish to cover it. I notified the receiver immediately upon the ascertainment of how much paper there was there in the bank, that as soon as the collateral could be realized upon for whatever it was worth and the proceeds applied, I expected to take care of the remainder. I then began to make such arrangements for the disposition of property as would result in that. I have not completed those arrangements. That is all the answer I wish to make.

Q. I ask you again why you did not pay the note?—A. I have answered.

Q. Have you no other answer to give?—A. I have not.

Q. Do you understand that a maker of a note is not bound to pay it until the collateral is realized upon?—A. I have given my answer to your question.

Q. Do you decline to make any further answer to the question?—A. Of course I do not need to answer the question which you ask, I presume; I have no such understanding as your question implies.

Q. Then why do you not pay your obligation upon the note without regard to the collateral?—A. I have said to you that my arrangements for the sale of property for that purpose have not been completed.

Q. Do you mean to be understood that you do not mean to pay the note until the amount to enable you to pay off is realized from the collateral?—A. You do not need to be assured that I do not wish to be so understood.

Q. You do not wish to be so understood?—A. I say that you do not need to be assured that I have no such purpose or understanding.

Q. What is your purpose in reference to this \$26,230.25 note?—A. To pay it. of course.

Q. When?—A. As soon as I have disposed of property so as to be able to pay it from the proceeds of such property.

Q. Are you unable to pay it until that time?—A. You have my answer.

Q. I have no answer to the question. I ask you whether you are able to pay it before that time?—A. I am able to pay the notes when I have disposed of property and interests representing that value.

Q. Are you unable to pay it until that time?—A. I am not in position to draw my check for the notes to-day.

The collateral for the above indebtedness held by Receiver Fisher is \$13,000 in bonds of the Bunker Hill Gold Mining Company, and 15 shares in the stock of the Minnesota and Iowa Improvement Company. The indebtedness remained unpaid on the 8th day of February, 1893, and Assistant Secretary Nettleton appears to have retained the full confidence of his official superiors until he voluntarily resigned on the 21st day of November, 1892, to go out on the first of December. Mr. Nelson F. Evans was, on the 8th day of December, 1892, at Philadelphia, convicted of misapplying the funds of the Spring Garden Bank and sentenced to the penitentiary for seven years.

BANK EXAMINER JAMES W. MAGRUDER.

The bank examiner at Boston for many years was James W. Magruder, who went from Washington. He had been employed in the office of the Comptroller of the Currency; and also for a short time as a clerk for Mr. Asa P. Potter in the Maverick Bank, as appears by Mr. Potter's testimony as follows (testimony, page 284):

Q. When did you first know Mr. Magruder?—A. I do not recall whether I first met him in Boston, or whether I first met him in the Comptroller's department in Washington, either one or the other. I met him there. He was deputy comptroller when Mr. Knox was Comptroller. He applied subsequently to our bank for a position. My impression is that he spoke to me at sometime when I was in Washington, saying he would like to get out of the Department service, and would like to get into private business. It resulted in our giving him a position in our bank. He came to us. He had, I think, a sixty days' leave of absence, without pay, for the purpose of trying the experiment as to whether he would like private business better than being in the Treasury Department. He had been with us about ten days or two weeks, and one day, towards the close of business, he said he would like to have a little conversation with me. He said he supposed that it was as apparent to me as it was to him that he was not adapted to the business.

Q. The work he was doing?—A. The work he was doing, when we were handling, selling the 4 per cent bonds. We sold more 4 per cent bonds than any other bank in the country, except one, and he being in the Treasury Department I thought he

would have knowledge that might make him a useful man; and something had occurred that day, which I suppose he observed, which caused me to show a little dissatisfaction. I answered, "I will be very frank with you; I do not think you are adapted to the business." He said he had better give it up, and I told him I thought he had better do so. I think he stayed in our service three weeks, and we paid him a month's salary, I think.

Q. Did he suggest or did you suggest that he was better fitted for bank examiner than for your work?—A. No, sir; I never mentioned the subject.

Q. Did he?—No, sir. He went back to Washington and resumed his position in the Department.

Q. And then came here at what time as bank examiner?—A. Several months afterwards.

Q. 1881?—A. I do not recall the date. It was several months afterwards.

Q. I have a telegram from the Comptroller, which I will put in the record, when I find it, giving the exact date when he became bank examiner, which was in 1881. The telegram was: "Magruder's commission dated July 30, 1881."

EXAMINER MAGRUDER'S LOANS FROM THE MAVERICK BANK.

It appeared from the books of the Maverick Bank (testimony, page 240) that April 27, 1882, Mr. Magruder borrowed of the bank \$43,690.28 on his note, with \$50,000 Mexican Central bonds as collateral, and on June 12, 1882, he also borrowed \$21,982.61 on \$25,000 Mexican Central bonds as collateral; and on March 31, 1883, the two notes were paid by being charged as \$65,672.89 to the personal account of Asa P. Potter (page 241) which sum the latter borrowed in the name of his clerk, Charles F. Kellogg, with the \$75,000 Mexican Central bonds as collateral. These transactions were brought to light by Mr. Clarence Johnson, clerk of this committee, and Mr. William D. Chandler, employed by the committee as an expert. The latter further testifies as follows (testimony, page 241):

Q. State again the date when the Magruder notes were taken up.—A. March 31, 1883.

Q. You may state whether or not you have been furnished with the date of Mr. Magruder's first examination of the Maverick Bank as an examiner.—A. Yes, sir.

Q. State what the date was.—A. I have a list here of all of Mr. Magruder's examinations.

Q. Which was the first?—A. March 31, 1883.

Q. Then, on that day when he made his first examination his two notes were transferred to the account of Asa P. Potter, and Mr. Charles F. Kellogg borrowed the same amount?—A. Yes, sir; the books show that.

It does not appear whether there was a profit or loss on the Mexican Central bonds or whether Mr. Magruder realized anything from the speculation which he had carried on with the aid of Mr. Potter. But his personal and financial relations with Mr. Potter grew to be very close, as the latter's testimony showed (testimony, page 285):

Q. Did you have any business transactions with him?—A. I never had any business transactions with him, except that he made the two loans at the bank, which have already been referred to, and he rented a house of me one summer. I do not know—yes, he paid me the rent. A relative of his, a cousin, and some of his family from Washington lived with him. They kept the house and he boarded with them. The rent was \$600, and had been.

Q. And it was paid to you?—A. Yes, sir.

Q. Did you ever personally lend him any money or procure any loans for him?—A. I think that once or twice, when he had some trouble about getting his money from Washington, I think once, I loaned him \$500.

Q. Did you lend him \$500 once?—A. It was paid.

Q. Of course. Did you lend him \$500?—A. I think I did. I am not sure.

Q. Did you ever lend him anything except that loan?—A. I do not remember.

Q. Did you ever procure anybody to loan him money?—A. No, sir.

Mr. Potter at this point apparently did not intend to reveal the next transaction which the evidence discloses, but a further question left him no escape. (Testimony, pages 286-7-8.)

EXAMINER MAGRUDER'S SPECULATION IN "SUGARS."

Q. Did you have anything to do with an investment he made in some sugar-trust certificates out of which he made \$30,000 more or less?—A. Yes, sir; I loaned the money that made that money.

Q. How did you lend that?—A. I loaned it at the request of a friend of Mr. Magruder, who came to me and said that he wanted to make him some money. That was his statement.

Q. How much did you loan?—A. I loaned him the cost of a thousand shares of sugar.

Q. I thought you just said you only loaned him \$500.

Senator CARLISLE. Personally.

A. I would like to have you let me explain that. Then you will see that my statement is correct.

The CHAIRMAN. Certainly.

A. This friend of his—I would prefer not to give his name—a man good for \$3,000,000 or \$4,000,000, perhaps more—he is not a bank man—came to me, and said if I would advance the money he would indorse the note. My impression is sugar was 65.

Q. What do you mean by sugar?—A. Sugar certificates.

Q. How much was purchased?—A. About 1,000 shares. I advanced the money, and this man gave a note or caused one of his clerks to do it.

Q. Which is the same thing.—A. And guaranteed it, and the note was paid.

Q. Did the bank discount that note?—A. Yes, sir.

Q. The explanation you make for saying you only made him one loan is that this loan was not made directly to Mr. Magruder?—A. No, sir.

Q. It was made to this gentleman?—A. Yes, sir.

Q. You furnished the money for purchasing the sugar-trust certificates?—A. He asked me if I would furnish the money on his indorsement. I told him yes.

Q. In order that Magruder might make this purchase?—A. He made the purchase. My impression is that he did not tell Magruder anything about it at the time, that he wanted to surprise him. Of that I am not certain.

Q. A delicate little attention.—A. Call it what you please.

Q. State more fully how much it was.—A. I can not exactly.

Q. Describe the character of the securities.—A. About \$65,000 sugar-trust certificates. He bought a thousand shares, and sent them to the bank.

Q. Do you know the history of that transaction since? How much profit did Magruder realize on those certificates?—A. Something over \$30,000, I think.

Q. Are they now owned by his estate?—A. I suppose so.

Q. Do you not know?—A. I do not. They were taken away from our bank.

Q. Are you not aware that they are now in some Boston bank, pledged for \$10,000?—A. I was not aware of it.

Q. How long did the loan remain in your bank?—A. It was taken out in a short time. It was quite a quick turn. I can not tell you how long.

Q. The loan remained in your bank only a little time?—A. Only a short while.

Q. It was the note of this gentleman, with these sugar-trust securities, indorsed by him?—A. It was a note by two of this gentleman's clerks.

Q. Indorsed by him?—A. Guaranteed by him. His name did not appear on our books.

Q. A separate paper?—A. Yes, sir.

Q. Where did that separate paper go? Was it put away with the note or somewhere else?—A. I think that those guaranties were kept in a pocketbook, as the cashier called it.

Q. Away from the notes?—A. Yes, sir. If you will pardon me, I presume our books will show that these notes were guaranteed by this party and the collateral held in the bank.

Q. And the collaterals were there also. Who took the note and collaterals out of the bank?—A. Enough of the sugar certificates were sold to pay the loan, assuming it was \$65,000, which I think was about it.

Q. The purchase?—A. The purchase.

Q. The loan was how much?—A. Sixty-five thousand dollars. When sugar had advanced at some particular date this gentleman came in and said I had better sell five hundred of that stock.

Q. One-half?—A. That I did. That I indorsed on the note, and that paid the note to that extent.

Q. How much—half of the loan? Do you mean there was no profit on this sale?—A. I beg pardon. I do not remember the price of sugar at that time. It was 93 or 94.

Q. Do you know what it cost Magruder?—A. Sixty five.

Q. Give us an idea of the transaction. How much of the note was paid by this sale?—A. He asked me to sell five hundred shares of sugar, which I did. Then, within a very short time, within two weeks, and perhaps not so long, he came in and

said that I had better sell enough of that sugar to pay the loan. This was during the time of the trust. Then a corporation was organized, and the corporation took up the trust securities and they issued enough stock so that when the final settlement was made Mr. Magruder had left, as I recall it, between three and four hundred shares which really cost him nothing.

Q. And was worth how much?—A. Sugar to-day is worth 108, if the estate has it.

Q. Did the money paid out on this account remain due to your bank until the close of the transaction?—A. Yes, sir.

Q. Then the whole purchase was carried by your bank as you have described until sales enough had been made of sugar certificates to pay the whole note and leave a balance?—A. Yes, sir.

Q. Which you delivered to him?—A. To Mr. Magruder.

Q. Had Mr. Magruder brought the certificates to you?—A. No, sir. I endeavored to make it clear to you that this party bought—

Q. He brought them to you?—A. He brought them in or directed his broker to bring them in to me, and said I would pay for them.

Q. You delivered the balance to Mr. Magruder?—A. He told me when it was sold to give it to Mr. Magruder.

Q. When it was bought you knew it was for Mr. Magruder?—A. I knew just the transaction.

Q. Do you know why Mr. Magruder's name was not put upon the note in any way?—A. He had no more to do with it, in originating it, than you did, sir.

Q. I am not so familiar with these things as you are, and you must excuse me if I ask you to explain sometimes. Did this gentleman donate the profit of this transaction to Mr. Magruder, as you understand it?—A. Yes, sir.

Q. And he, during this period ran the risk of loss, and Mr. Magruder was to have the profit, if there were any. That, you understand, was the reason why Mr. Magruder was not liable for the purchase money; it was in order that this party might run the risk, and still, if there was a profit, that it might be given to Mr. Magruder?—A. I can not assume what you say.

Q. Was not that a joint arrangement of yourself and this gentleman to make some money for Mr. Magruder?—A. It was nothing that ever originated with me. I never thought of it and I never would have done it. I met him on the street. He made the proposition and asked me if I would carry the stock for him. I told him I would.

Q. In order that Magruder might have whatever might be made out of it?—A. Yes, sir.

Q. Was anything said about Magruder's not having made much out of the Mexican Central transaction?—A. No, sir; not in just that language. He said Mr. Magruder had been trying to operate for himself, and every time he made an effort he came out a little poorer than before, and that he was going to make him some money and clean him up, and it would teach him a lesson: never to speculate.

Q. And you and he could do better for Magruder than he could himself?—A. I had no part in it.

Q. You only furnished the money?—A. I did not furnish the money to Magruder.

Q. What year was this?—A. It was the year before the sugar trust went into a corporation. That is as near as I can fix it.

Q. About what time was that?—A. I should say the sugar corporation had been organized about three years; I am not sure.

By Senator CARLISLE:

Q. This gentleman was a friend of Mr. Magruder?—A. Yes, sir. I would like to tell the committee who he is, but I do not want to publicly state it.

The name of this gentleman does not appear in the testimony. Mr. Potter's statement that he was not a bank man was incorrect. He was a director in a Boston bank and a large owner in the sugar refineries, many of whose certificates were carried by the Boston banks at that time. The testimony of Mr. William D. Chandler, the expert (p. 378), shows large loans of the Maverick bank on these certificates, and gives the particulars of the loans by reason of which Mr. Magruder made a profit of upwards of \$30,000, as follows (testimony, p. 379):

T. Otis Fuller, February 1, 1890, 500 shares Sugar Refineries Co., due February 4, 1891, \$33,602.67; interest deducted, \$1,602.67; net, \$32,000. Edgar H. Close, February 1, 1890, 500 shares Sugar Refineries Co., due February 4, 1891, \$34,242.37; interest deducted, \$1,633.62; net, \$32,618.75.

The foregoing narrative of the pecuniary relations of Bank Examiner William P. Drew, Assistant Examiner William Trenholm, and Assist-

ant Secretary Alured B. Nettleton to the Keystone and Spring Garden banks, and of Bank Examiner James W. Magruder to the Maverick bank will partially prepare any inquirer for the disastrous failures of the banks, but no apprehensions will equal the reality.

THE KEYSTONE BANK'S HISTORY.

The Keystone bank was originally a State institution, and entered the national system on June 30, 1875. When it failed, March 19, 1890, its capital was \$500,000, its surplus and undivided profits \$120,664, and its other liabilities, excluding circulation, were \$1,856,329. It has paid a dividend of only 10 per cent to its creditors, and the losses are estimated at \$1,962,314. Comptroller Lacey, in his report of December 7, 1891 (p. 64), states the case as follows:

The causes of the failure were reckless and criminal use of funds belonging to the bank, the bookkeeper [Charles Lawrence] having aided the president [George W. Marsh], who is a fugitive from justice, in deceiving the examiner by false entries, such entries being made at or about the dates of examination. This bookkeeper, after the suspension, admitted his guilt and was arrested, brought to trial, and sentenced to imprisonment for a term of seven years.

THE SPRING GARDEN BANK'S HISTORY.

The Spring Garden bank was originally a State institution, and entered the national system on March 13, 1886. When it failed May 8, 1890, its capital was \$750,000, its surplus and undivided profits \$171,725, and its other liabilities, excluding circulation, were \$2,007,463. It has paid a dividend of only 20 per cent to its creditors, and the losses are estimated at \$1,358,708. Comptroller Lacey, in his report of December 7, 1891 (page 64), states the case as follows:

This suspension closely followed that of the Keystone National Bank, and as investigation proceeded it became evident that there had been criminal violations of law. On May 28 the president [Francis W. Kennedy] and cashier [H. H. Kennedy] were arrested upon information and brought to trial. They were found guilty and relegated to the penitentiary for a term of ten years each.

THE MAVERICK BANK'S HISTORY.

The Maverick Bank was originally a State institution, and when it entered the national system on December 14, 1864, it had a capital of \$400,000, and its liabilities were \$495,461.41, exclusive of its capital stock and its circulating notes amounting to \$180,000.

By its report of September 25, 1891, the last before its failure on October 31, 1891, its capital was \$400,000; its surplus, \$800,000; its circulation, \$45,000; its loans, \$6,492,107.59; and its total liabilities, including capital and surplus, as shown by its balance sheet, \$11,543,749.34, with resources of a like amount.

Soon after Mr. Asa P. Potter entered the bank he became the ruling spirit. The number of the board of directors was reduced to five; and when the bank failed they were Mr. Potter, Mr. Jonas H. French, Mr. Thomas Dana, Mr. Henry F. Woods, and Mr. Joseph W. Work, the cashier.

The \$400,000 of stock soon came to be mainly held by Messrs. Potter and French; when the failure took place, Potter having \$147,500, and French \$96,500.

Under these circumstances the bank naturally became the mere personal institution of these two owners and directors, and their control, by

the ownership of \$250,000 of stock, of ten or twelve millions of deposits naturally led them to large and reckless speculations in their haste to become very rich. They paid no attention whatever to the legal limit of single loans to \$40,000, or ten per cent of their capital. As long ago as April 10, 1884, Comptroller Knox was obliged to write the following letter:

TREASURY DEPARTMENT,
OFFICE OF COMPTROLLER OF THE CURRENCY,
Washington, April 10, 1884.

GENTLEMEN: The report of an examination of your bank, made on January 10th ultimo, has just been received.

The violations of law committed by the bank in making loans are very numerous, and these loans are very greatly in excess of the amount authorized by law.

The liabilities, as reduced, are reported by the examiner as follows: Florida Commercial Company, \$42,000; H. D. Hyde, M. F. Dickinson, and Hyde and Dickinson, \$51,929.09; Thos. Dana, C. E. Raymond, and Thos. Dana & Co., \$56,000; N. B. Mansfield, \$113,972.46; Louisville. Evansville & St. Louis Railroad Company, \$55,159.87; Jonas H. French and George Jaques, indorsed by J. H. French, \$78,684.59; C. F. Kellogg, guaranteed by A. P. Potter and J. H. French, \$326,521.72; H. G. Dillaway guaranteed by A. P. Potter and J. H. French, \$244,845.02; H. Kellogg, jr., guaranteed by A. P. Potter and J. H. French, \$92,539.96; Joseph Warren, guaranteed by A. P. Potter and J. H. French, \$176,419.28; A. P. Potter, \$43,300; Jordan, Marsh & Co., \$50,000; Arthur Sewall, \$45,000. [Total \$1,376,371.99, and with the exception of about \$200,000 the liabilities were those of Potter, French and Dana.]

Section 5200, U. S. Revised Statutes, provides that the total liabilities to a national bank of any person, company, corporation or firm, for money borrowed, including in the liabilities of the company or firm the liabilities of the several members thereof, shall at no time exceed one-tenth of its actual paid-in capital stock.

The examiner states that these loans were brought to the attention of the directors and officers of the bank, and that they assured him that prompt and energetic measures should be taken to reduce them to conform to the law; that since the examination some reductions have been accomplished, but not so much as it was hoped would be made, owing to the fact that some of the loans are secured by the pledge of New York and New England Railroad Company's stock and second-mortgage bonds as collateral, and the road being in the hands of a receiver its securities are not marketable at the rates at which they are pledged. He also says that Messrs. Potter and French assured him that arrangements are about being perfected which will put the road on a sound financial basis, and enable them to take the loans on which they are guarantors out of the bank, and that they will do so. As to the excessive loans to other parties, the borrowers are believed to be able to respond promptly, and assurances were given that the process of reduction would be continued until all shall have been arranged to conform to the law.

It is also stated that, as further security for the debts on which they are payers and guarantors, Messrs. Potter and French have transferred to Mr. Work, as trustee for the bank, certain of their stock therein, the security being worth about \$210,000.

Another examination of the bank will be made in the course of the next six months, and if the condition of the association shall then be unsatisfactory the corporate existence of the bank must be permitted to expire, as its extension is forbidden by law under present conditions.

The miscellaneous securities held by the bank are said to be worth in the market from \$60,000 to \$70,000 less than their book valuation. All income derived from the securities should be credited to the stock and bond account until the securities shall become good for the amount at which they are counted as assets.

Please let me hear fully from you in reply to this letter at an early day, and inform me from time to time of the progress made in getting the bank into proper condition, in accomplishing which there must be no unnecessary delay.

Very respectfully,

JNO. JAY KNOX,
Comptroller.

To the DIRECTORS OF THE MAVERICK NATIONAL BANK,
Boston, Mass.

The foregoing warning was not heeded. The bank managed to get its charter extended December 14, 1884. In the flood tide of their apparently successful banking, with their large deposits, Messrs. Potter, French, and Dana did not confine their excessive loans to lending

to themselves, but other persons with whom they were connected in business and speculation were allowed to borrow in excess of the legal limit.

IRVING A. EVANS & COMPANY.

Mr. Potter formed an association with Mr. Irving A. Evans, whose firm of Irving A. Evans & Co. did a large business as stock brokers, and secured excessive loans from the bank.

Although there was not much to fear from Bank Examiner Magruder, who was in their toils, yet as the reports five times a year called for by the Comptroller of the Currency required lists of the loans in excess of the \$40,000 limit, it was necessary to practice a method of deception, which became universal, as to the loans of Potter, French, Dana, Evans & Co., and some others. Dummy signers were found for many notes of \$40,000, \$39,000, and \$38,000, collaterals were deposited with the notes, and written guaranties, separate from the notes, were taken from the real debtors. The signers of these notes were relatives, street brokers, clerks, messengers, janitors, black and white, including minors as young as 14 years.

IRVING A. EVANS'S FAILURE AND SUICIDE.

But the end was sure to come. Irving A. Evans failed first, owing the bank \$641,326.52, and shot himself at Allentown, N. H., on the 16th day of October, 1891. On the 22d day of October, 1891, Mr. Potter released the surviving members of the firm and the accommodation signers to the amount of \$591,326.52, taking the collaterals, not amounting in value to over \$150,000, in full payment, and putting the greater part of the burden upon the Maverick Bank in the shape of a loan on a note signed by Joseph Warren, a bookkeeper, for \$402,236.52, dated October 21, 1891, with the above Evans collaterals as security.

THE MAVERICK BANK'S FAILURE AND MR. MAGRUDER'S SUDDEN DEATH.

But the shock from the Evans failure and suicide could not be wholly averted. On Saturday, the 31st of October, the Maverick Bank was taken possession of by Bank Examiner Ewer, who had been the assistant of Mr. Magruder. The latter was in impaired health, and on the next day, Sunday, he suddenly died.

THE EXCESSIVE LOANS TO POTTER, FRENCH, AND DANA.

At the time of the failure the indebtedness of Messrs. Potter, French, and Dana was as follows:

Potter, \$1,364,041.25; French, \$704,182.93; Thomas Dana, \$487,782.35, as appears from the report of Bank Examiner Magruder of January 7, 1891 (testimony, pages 44, 45, 46, 47, 48, and 49), making a total of \$2,556,006.53.

Report of August 18, 1891.

(Testimony, page 56.)

Potter alone.....	\$1, 267, 283. 49
Potter and Dana.....	189, 317. 04

1, 456, 600. 53

(Testimony, page 61.)

French alone.....	} \$49, 877. 60 156, 130. 18 506, 292. 21
French and Potter.....	

786, 828. 95

(Testimony, page 59.)

Thomas Dana, promissor.....	\$131, 489. 06
Thomas Dana, indorser.....	174, 996. 54
Dana and Potter.....	140, 075. 28
Thomas Dana & Co., indorsers.....	17, 564. 53

464, 125. 41

Making a total of all three, Potter, French, and Dana, of \$2,707,554.89.

The final losses of the bank by these three men have been estimated by the receiver as follows (page 145):

Mr. Potter.....	\$472, 707. 27
Mr. French.....	409, 519. 16
Mr. Dana.....	17, 134. 08
Messrs. Potter & French.....	36, 375. 60
Messrs. Potter & Dana.....	55, 800. 66

Total..... 991, 536. 77

THE OUTCOME OF THE MAVERICK BANK FAILURE.

At the present date the result of the bank's failure has been as follows:

The dividends to creditors have been 85 per cent., and a further dividend of 5 per cent. is expected. Ten per cent loss to creditors will be \$838,272. The capital stock of \$400,000, the surplus of \$800,000, and the undivided profits of \$255,112.80 are also gone; and the stockholders are assessed 100 per cent, of which \$134,800 had been paid on the 7th day of February, 1893, the amounts due from Potter and Dana of course remaining unpaid. The stock was rated in the market prior to the failure as worth \$250 per share.

THE DUMMY SIGNERS OF NOTES FOR POTTER, FRENCH, AND DANA.

A list of some of the loans, with the names and avocations of the signers, shows the methods of the illegal borrowing.

The examiner's report for January 7, 1891, gives the following list of Mr. Potter's associates (testimony page 44):

Name.	Loans (notes.)	Occupation, etc.
William Ladd Dodge.....	\$39, 000. 00	Gate-tender in the employ of the Boston Safe Deposit Company; testified he had not property enough to pay his debts.
William A. Connelly.....	14, 000. 00	Messenger for Maverick bank, 15 years old.
Henry Kellogg, jr.....	25, 000. 00	
	40, 000. 00	Note broker, brother of Mr. Potter's confidential clerk; testified that he was not in condition to pay such a note.
Sylvester Lacey.....	39, 000. 00	At the time of signing the note (Dec. 21, 1885) was a messenger in the employ of T. C. Weeks, broker; testified that he had never been able to pay such a note.

Name.	Loans (notes).	Occupations, etc.
Thomas M. Mitchell.....	\$15,000.00 13,000.00 9,457.50	Messenger for the Maverick bank, 14 years old; salary, \$5 per week; testified that he had not loaned his credit to any other Boston bank.
Joseph Warren.....	402,236.52 40,000.00 25,260.88 59,942.50	Clerk in the Maverick bank; testified that he had never been in condition to pay any such notes. The \$402,000 note was used in the Irving A. Evans settlement.
E. H. Hewins.....		General superintendent of the New England Western Electric Company; testified that he was not in condition to pay such a note when he signed it, and had not been since.
Henry G. Dillaway.....	39,982.11	Note broker; refused to testify as to his ability to pay the note.
Alexander Q. Miller.....	38,260.00	Clerk for the W. L. Douglass Shoe Co., Brockton, Mass.; testified that he had never been able to pay such a note.
Warren G. Monk.....	33,219.24	Clerk for Irving A. Evans & Co.; testified that he was not responsible for notes of this size which he had signed.
Scott F. Bickford.....	40,000.00	Clerk for Irving A. Evans & Co.
Joseph M. Cox.....	40,000.00	Clerk for Irving A. Evans & Co.; objected to saying whether or not he was able to pay the note.
Charles F. Kellogg.....	39,631.25	Confidential clerk to Asa P. Potter; testified that his personal responsibility was not equal to this note.
H. F. Woods, trustee.....	37,109.10	Purchasing agent West End Street Railway and director of the Maverick bank.
M. R. Ballou.....	36,938.20	Could not be found by the marshal.
William M. Curtis.....	39,000.00	Do.
Henry M. Farwell.....	30,000.00	Do.
B. F. Gleason.....	39,000.00	Do.
W. F. Morris.....	39,000.00	Do.
Lewis Child.....	39,000.00	Do.
W. A. Haskell.....	27,157.51	Do.
J. H. Bates.....	39,000.00	Do.
E. M. Bixby.....	40,000.00	Do.
Frank Q. Brown.....	40,000.00	Do.
Guaranteed by Potter and Dana:		
Richard P. Waters.....	29,045.00	Errand boy for Thomas Dana & Co., 18 years old.
Clarence E. Hanscomb.....	18,268.15	Clerk for Thomas Dana & Co., 17 years old.
Joseph C. Greeley.....	15,000.00	Clerk for Thomas Dana & Co., testified that he had never been in condition to pay such a note.
Roger I. Sherman.....	10,000.00	Clerk for Thomas Dana & Co., 21 years of age; was not able to pay such a note.
Charles W. Clark.....	40,000.00	Clerk for Thomas Dana & Co.; never able to pay such a note.
Guaranteed by A. P. Potter and Charles A. Sinclair:		
Henry T. Gould.....	39,000.00	Assistant treasurer Frank Jones Brewing Co.; testified that he had no personal ability to pay such a note.
Thomas S. McGowen.....	45,020.27 35,000.00	Clerk of Jones, Cook & Co., Boston; declined to state the business of his employers. The first note was guaranteed by Potter and Sinclair; the second by Sinclair alone. McGowen also testified that he had indorsed a note payable to the East Boston Savings Bank for \$25,000, one to the Warren Five-cent Savings Bank for \$15,000, one to the Worcester Mechanics' Savings Bank for \$50,000, one to the Webster Five-cent Savings Bank for \$15,000, and one to the Dedham Institute for Savings for \$40,000; all of which notes were for the accommodation of Charles A. Sinclair and were protected by Boston and Maine Railroad stock as collateral.
E. J. Murphy (guaranteed by A. P. Potter and Jonas H. French).	38,633.10	Messenger of the Maverick Bank, 16 years old, salary \$5 per week; had a mother living, but did not get her permission to sign the note.
Guaranteed by A. P. Potter and H. D. Hyde:		
Albert J. Hosler.....	49,241.70	Colored messenger of Hyde, Dickinson & Howe, lawyers; testified that he was never in condition to pay the note.
John H. Clark.....	35,895.86	Could not be found.
Guaranteed by Jonas H. French:		
Edward H. Pearson.....	23,717.21 6,570.00	Salesman for Thomas Dana & Co.
George E. Craig.....	37,813.34	Bookkeeper of the Cape Ann Granite Co.; testified that he could not pay that or any other sum.
Burt Emerson.....	39,750.00	Timekeeper for the Cape Ann Granite Co.; never was in condition to pay the note.
George E. Hosler.....	40,000.00	Colored man, janitor for Hilliard, Hyde & Dickinson for 15 years; testified that he was a poor man, had no home, and owned no real estate or personal property; father of Albert J. Hosler.
Elbridge M. Lawson.....	39,500.00	Janitor.
W. L. Lowell.....	40,000.00	Elevator conductor, \$50 a month; never was in condition to pay.

Name.	Loans (notes).	Occupations, etc.
Charles C. Boutell.....	\$39,825.00	Could not be found.
Henry W. Bennett.....	39,000.00	Do.
Thomas Marsh.....	40,000.00	Do.
Arthur E. Pearson.....	39,750.00	Do.
Edward A. Pearson.....	23,717.21	Do.
W. H. Pearson.....	39,850.00	Do.
N. A. Thompson.....	39,900.00	Do.
George W. Quinn.....	40,000.00	Do.
George F. Adams.....	30,000.00	Do.
Henry G. French.....	23,366.59	Son of Jonas H. French deceased.
Guaranteed by Thomas Dana & Co.:		
W. O. Delano.....	5,000.00	Member of firm of Thomas Dana & Co.
	5,000.00	
	3,002.04	
	2,030.52	
	5,000.00	
	21,000.00	
	20,000.00	
William H. Raymond....	10,000.00	Member of firm of Thomas Dana & Co.
	20,000.00	
	20,000.00	
E. H. Rowe.....	5,000.00	Bookkeeper, Thomas Dana & Co.
	35,000.00	
	15,000.00	
A. A. Finneran.....	30,000.00	Could not be found.
Guaranteed by Irving A. Evans & Co.:		
J. Herbert Day.....	40,000.00	Employé of Irving A. Evans & Co.; signed the first note when about 19 years of age; was never able to pay.
C. Henry Knapp.....	40,000.00	Employé of Irving A. Evans & Co.; was never able to pay.
C. G. Lenfest.....	34,000.00	Do.
Clarence B. Goldwaite...	33,000.00	Messenger, Irving A. Evans & Co.; salary \$8 a week; 18 years old; mother did not know it until she saw it in the paper, and did not punish him for signing the note.
Edgar G. Frost.....	14,503.82	Employé of Irving A. Evans & Co.; was never able to pay.
Cornelius J. Colan.....	36,000.00	Employé of Irving A. Evans & Co.; did not believe he had signed any note before he was 21.

The extent to which the foregoing loans remain unpaid may be partially understood by examining the schedules of the remaining assets on page 142 of the testimony.

FALSE RETURNS OF THE MAVERICK BANK.

The most appalling feature of the Maverick Bank failure was the method of false returns resorted to in order to keep a knowledge of the true condition of the bank from appearing in the five returns sent each year to the Comptroller of the Currency.

THE CRIMINAL PROCEEDINGS.

Many indictments have been found in Boston against Messrs. Potter, French and Dana. Some have been quashed, and the only cases remaining for trial are certain indictments of Mr. Potter. Mr. Potter on February 9, 1893, was convicted at Boston on fifteen counts for criminally certifying checks in favor of Irving A. Evans & Co. when there was no money to their credit. It is not the intention of the committee to make a report in detail concerning any of the facts which are the basis of the pending indictments.

A few however, of the false returns are deserving of consideration.

FACSIMILES OF ERASURES IN RETURNS OF DIRECTORS' LIABILITIES.

The five reports during each year contained a statement, made upon blanks furnished by the Comptroller of the Currency, of the gross amount

of the "Liabilities of directors (individual and firm) as payers." As there were but five directors a return of a gross amount of over \$200,000 would show that there must be one or more loans above the legal limit of \$40,000; therefore, when the preliminary sheet from which the report to the Comptroller was made up showed that the five directors owed more than \$200,000, alterations were made in the sums set against the names of some of them sufficient to bring the total amount below \$200,000, and then the blank was filled with the reduced total.

In the report of October 4, 1888, the liability of A. P. Potter was changed in pencil from \$68,206.61 to \$28,206.61, and that of J. H. French from \$80,580.10 to \$40,580.10, and the footing changed from \$245,646.48 to \$165,646.48 in order to bring the total reported to Washington below \$200,000.

A facsimile of these changes is inserted in the testimony following page 374.

In the report of December 12, 1888, the liability of Thomas Dana was changed in pencil from \$122,925.87 to \$42,925.87, and the footing changed from \$260,365.38 to \$180,365.38 in order to bring the total reported to Washington below \$200,000.

The facsimile of the change is inserted in the testimony following page 374.

The report of May 4, 1891, the correct amount of loans to A. P. Potter of \$54,400 was changed to \$24,400, making the total loans to the directors appear to be \$181,370.16, instead of \$211,370.16.

The facsimile of the changes will be found inserted following page 378.

FACSIMILES OF ERASURES IN REPORTS OF EXCESSIVE LOANS.

The returns to the Comptroller of the Currency required a list of the "Loans exceeding the limit prescribed by section 5200 of the Revised Statutes" (\$40,000). There were found in the bank slips made up by the discount clerk under the direction of the cashier correctly showing the overloans. Erasures were made in these slips, crossing off names and amounts, and the reports to the Comptroller were copied from the slips as erased.

In the report of September 30, 1889, the total amount of overloans reported was \$1,148,155.76. The total amount on the slip was \$1,593,126.83, the reduction having been reached by erasing from the slip "C. W. Clark, \$45,437.82; C. E. Raymond, \$71,169.08; ——— Sinclair, \$225,364.17; T. M. Stevens, \$60,000; T. Dana, \$43,000." A facsimile of these erasures is to be found inserted following page 374.

In the report of July 18, 1890, the amount of overloans shown by the report was \$1,189,948.98. The actual amount shown by the slip is \$1,614,264.12, an excess of \$424,315.14. The reduction was reached by erasing from the slip "Charles W. Clark, \$45,384.63; First National, Helena, \$40,600; Frank Jones, \$200,000; C. F. Kellogg, \$44,088.75; Thomas M. Stevens, \$94,247.76." The facsimile showing the erasures is inserted following page 376.

In the report of February 26, 1891, the amount reported to the Comptroller was \$1,264,115.35. The correct overloans, as per slip, were \$1,462,361.60. There was omitted \$198,246.25, by striking out "C. F. Kellogg, \$67,631.25; Boston Fruit Company, \$50,000; Groveland Mills, \$80,615." The facsimile showing the erasures is inserted preceding page 377.

In the report of May 4, 1891, the amount of overloans reported to the

Comptroller was \$1,439,911.44. The amount of overloans on the two slips found was \$2,158,520.33, making omissions to report overloans of \$718,608.89, by striking out "T. Dana, \$60,131.50; J. H. French, \$58,080.33; C. F. Kellogg, \$122,712.50; Groveland Mills, \$50,000; H. O. Delano, \$46,532.56; Joseph C. Greeley, \$45,000; E. W. L. Nichols, \$57,000; Louis Ross, \$50,000; E. H. Rowe, \$55,000; H. M. Whitney, \$40,000; Linus M. Child, \$60,000; Thomas M. Stevens, \$45,000," and by reducing the loan of D. M. Sabin \$27,152, and the loan of Charles A. Sinclair \$2,000 by changing the amount from \$132,864.17 to \$130,864.17. Facsimiles showing the erasures are inserted in the testimony following page 378.

In the report of July 9, 1891, the amount reported to the Comptroller was \$1,197,985.87, and the correct amount, according to the slip, was \$1,531,770.93, the difference being \$333,785.06, which reduction was made by erasing from the slip the loan to C. F. Kellogg (Mr. Potter's secretary) \$90,752.50; and loans to the following clerks of Thomas Dana & Co., namely, "W. O. Delano, \$41,032.56; Joseph C. Greeley, \$45,000; E. W. L. Nichols, \$57,000; Louis Ross, \$50,000; E. H. Rowe, \$50,000." A facsimile of this slip is inserted immediately following page 378.

MR. ASA P. POTTER'S CLOSED TRUNK.

In the course of the investigation made by the committee, it seemed advisable to examine the contents of a black trunk which came into the possession of Bank Examiner Ewer, when, on the 31st day of October, 1891, he closed the bank, and later into the possession of Receiver Beal. It appeared, however, that when United States District Attorney Allen had desired access to this trunk in connection with the criminal prosecutions of Messrs. Potter, French, and Dana, a bill in equity was brought by Mr. Potter against Receiver Beal, and the trunk was taken from the custody of Mr. Beal upon order of the United States circuit court in Boston, and placed in the hands of John G. Stetson, esq., clerk of that court, with an order that it should be kept unopened.

The circuit judge who first heard the case allowed the district attorney to appear as a party to the litigation, and directed a limited and guarded opening of the trunk. On appeal to the circuit court of appeals this decision was overruled, the right of the district attorney to appear was denied, and the case remanded to the circuit court for further proceedings, which have never taken place.

The committee further ascertained that the receiver and his counsel had made an agreement with Mr. Potter and his counsel by which the former were to have access to the trunk for the purposes of the trust, but not for the purpose of obtaining evidence to use in the criminal proceedings against Mr. Potter. This agreement came to be approved by the Solicitor of the Treasury, but the Attorney-General, who is the superior officer of the Solicitor, has disapproved of the opinion.

The committee were of opinion that, irrespective of the question of the actual ownership of the trunk and its contents—the same having actually come into the possession of the receiver—both the district attorney and the committee had the right to examine the same, and the committee so expressed themselves to the receiver, the Secretary of the Treasury, and the Attorney-General, as appears by the correspondence annexed to this report.

There would certainly seem to be great danger of a miscarriage of justice if in a case like this the receiver of a bank can make arrangements with indicted officials, giving him access to evidence which is to

be kept from the use of the district attorney, in criminal prosecutions, particularly, as by section 380 of the United States Revised Statutes the district attorney is the statutory counsel for the receiver.

THE FUNCTIONS OF THE BOSTON CLEARING HOUSE ASSOCIATION.

The Maverick bank, having been closed in consequence of the letter of the committee of the Boston Clearing House Association of October 29, 1891, which has been alluded to, which stated to the Comptroller (testimony, p. 88) that Messrs. Potter, French, and Dana were liable "as direct promisors or as indorsers, or as guarantors of notes, signed by clerks of banks and others, about \$2,490,000," the committee were led to inquire into the functions of the Boston Clearing House Association in connection with national banks. It was found that the ordinary purpose of the Clearing House Association is to facilitate the exchanging of checks and to ascertain and settle daily balances between the associated Boston banks. There was, however, found in the articles of association the following clause in section 18:

It shall be the duty of the clearing house committee to promptly investigate cases of apparent infraction of the laws under which the banks are organized, by any member of the association.

The clearing house committee, however, declared that this clause was virtually a dead letter, and that no proceedings were ever taken by virtue thereof, with a view to ascertaining or preventing violations of law on the part of any bank which promptly settled its daily balances due to the Clearing House Association. It was stated to the committee that any attempt to investigate banks by the Clearing House Association under this clause would inevitably meet with opposition, on the ground that the clearing house committee, being themselves officers of banks, would obtain a knowledge of the business of other banks, which would give them an unfair advantage over the banks examined.

The committee were further led to inquire whether any other clearing-house associations of the country had similar clauses in their articles of organization. The result of the inquiry is that no other associations have apparently bound themselves to investigate infractions of the laws by banks within the associations.

The sole functions of the clearing houses therefore must be understood to be the ascertainment of the daily balances due from the banks to each other, and the securing of the payment of such balances. Beyond this work the associations do not go, and therefore they are not such a protection to the banking system as they would be if the clause in section 18 in the constitution of the Boston Clearing House Association were contained in the constitutions of all the other associations, and were regarded and enforced.

AN ALLEGED DEFECT IN THE BANK LAW. NO PUNISHMENT FOR EXCESSIVE LOANS.

The committee further carefully inquired why the Comptrollers of the Currency had not been able to stop, in their inception, the excessive loans made by the Maverick Bank and other banks. The reply of Comptroller Lacey was that no penalty was imposed upon any bank officer for making or allowing these excessive loans, and therefore, he said, the only action which could be taken by the Comptroller was to notify the bank officers and request them to reduce the overloans. The

form in which this appears to have been done has been to write the officers, referring to their loans which exceed one-tenth of the capital stock, and to call attention to section 5200 of the United States Revised Statutes, occasionally using an expression like the following, contained in Comptroller Lacey's letter to Mr. Potter, of September 25, 1891, where he says: "It is respectfully suggested that these loans be reduced to the lawful limit." The bank officers usually courteously reply that they will comply with the request of the Comptroller, and pay no attention to the subject thereafter.

The attention of the Comptroller and of the Secretary of the Treasury was called by the committee to the following clause in the banking act (Sec. 5239, Revised Statutes):

If the directors of any national banking association shall knowingly violate, or knowingly permit any of the officers, agents, or servants of the association to violate any of the provisions of this title, all the rights, privileges, and franchises of the association shall be thereby forfeited. Such violation shall, however, be determined and adjudged by a proper circuit, district, or territorial court of the United States, in a suit brought for that purpose by the Comptroller of the Currency, in his own name, before the association shall be declared dissolved.

Under this clause the committee thought that the Comptroller need have no difficulty in keeping the loans of banks within legal limits, by threatening to report a bank violating the law to the district attorney for proceedings for the forfeiture of the charter; but the committee was informed that no such use had ever been made of that section.

EXCESSIVE LOANS TO OFFICERS AND STOCKHOLDERS AND UNFAITHFUL BANK EXAMINERS THE CAUSE OF BANK FAILURES.

It will be seen from the foregoing portions of this report that the committee had no difficulty, from the very commencement of the inquiry, in reaching the discovery that the disastrous failures of national banks have nearly all resulted from two concurring causes, as follows:

(1) Excessive loans beyond the lawful limit to officers or stockholders of the banks.

(2) The unfaithfulness of the bank examiners who, through gross neglect or from corrupt motives, have failed to make full and accurate reports to the Comptroller of the Currency.

These conclusions of the committee, if not sufficiently apparent from the facts hereinbefore recited, find striking confirmation in the very last report of December 5, 1892, of Comptroller of the Currency A. B. Hepburn, by which the following facts are disclosed:

[Extracts from the report of the Comptroller of the Currency for 1892, pp. 67-72.]

The doors of the California National Bank of San Diego, Cal., were not opened after close of business November 11, 1891. * * * When it became known, upon thorough examination, that the entire capital and surplus of the bank had been lost, and all efforts to resume had proved futile, the president of the bank, who had personally exerted himself in the interests of resumption of business, committed suicide. * * * Succinctly stated, the president of the bank, in conjunction with one or more directors, at the date of its organization inaugurated schemes or deals in the interest of themselves and the local community which involved large sums of money. The necessary loans were for a time obtained from the Eastern States, but as these matured and demand for payment was made recourse was had to this bank. The local boom collapsed before any of these enterprises became paying investments. At length, the extreme danger to the bank became apparent to the management, and it appears that the president alone was forced to assume the attendant responsibility, and finally, being unable to contend with the reduction in deposits and shrinkage in values, suspension became inevitable. An assessment of 100 per cent has been levied by the Comptroller upon the shareholders of the bank. * * *

Dividends amounting to 30 per cent have been paid to creditors.

The Cheyenne National Bank of Cheyenne, Wyo., closed its doors to business November 13, 1891, a run having been caused by the suspension of the California National Bank of San Diego, Cal. A few days later the cashier committed suicide. The president of the California National Bank of San Diego was likewise the president of the Cheyenne National Bank, and the character of management in both cases was almost identical. The personal presence of the president, his correct manner of life, and his energetic attention to business are said to have given him the entire confidence of the community and enabled him to consummate questionable transactions without suspicion. From the first, the funds of the bank were diverted to his use. One common method was to purchase stocks of little or no value, sell them to irresponsible persons, taking notes in payment, which notes he caused to be discounted by this bank. He borrowed money in the Eastern States with which to purchase a controlling interest in the stock of the bank, using this stock as collateral. When demand was made, he would pay the loans with funds belonging to the bank realized upon accommodation paper obtained from his immediate friends. The cashier became a large and irresponsible debtor, and together these officers misappropriated an amount equal to the entire capital of the bank. Many bad loans were made, business was unduly extended, and the management was reckless and extravagant.

Dividends amounting to 25 per cent have been paid to creditors.

The doors of the Huron National Bank of Huron, S. Dak., were closed to business by the national-bank examiner December 18, 1891. Upon the disclosure that a large indebtedness due from the officers and their friends was not collectable, the Comptroller was compelled under the law to appoint a receiver.

The doors of the First National Bank of Silver City and the First National Bank of Deming, N. Mex., were closed to business on February 4, 1892. The same person was president of both banks and represented the entire management, the boards of directors practically exercising no control. For several years he had borrowed the funds of the banks on notes of his own and worthless accommodation paper made by relatives, friends, and clerks, until more than the combined capital of the banks had been obtained for investment in speculative enterprises, such as wild lands, cattle ranches, prospective railroad construction, etc. Fraudulent entries were made on the books and dividends not earned regularly paid to the shareholders, who being mostly nonresidents took no other interest in the management. Charges of embezzlement and misappropriation of funds were promptly placed in the hands of the United States attorney.

The doors of the Lima National Bank of Lima, Ohio, were closed to business March 1, 1892. The president, possessing considerable wealth and business sagacity, was the principal promoter of a number of local and foreign enterprises, and diverted the funds of the bank to his individual uses. At times he would crowd paper, based on these outside schemes, into the bank to the almost entire exclusion of other and legitimate loans. Accommodation notes of clerks and other employes were resorted to, until the president's methods became a matter of public notoriety.

The doors of the First National Bank of Rockwall, Tex., were closed by the national-bank examiner June 11, 1892. A former president of the bank, who was the original promoter, was engaged in wild speculations during his incumbency, and through loans to men of straw, for his own use, absorbed the capital and earnings of the bank.

The doors of the First National Bank of Erie, Kans., were closed to business June 25, 1892. The failure was due to the payment of exorbitant rates of interest on deposits, and the injudicious manner in which funds of the bank were loaned to officers and directors, who were large borrowers at a lower rate of interest than the bank itself paid for rediscunts. The immediate cause of failure was the large loss on these loans which had been made without proper security. It was developed that the stock held by the officers had been purchased with borrowed money, the stock being pledged as collateral, and that their financial resources had always been very limited.

On July 5, 1892, the president of the Vincennes National Bank of Vincennes, Ind., committed suicide. For some years prior to insolvency a former president and large shareholder of the bank was connected with firms engaged in grain speculations, and it appears that his successor, the late president, was connected with him in similar speculation. Correspondence was found which connected the president with heavy losses, and it would appear that the cause of failure was his connection with board of trade speculations. Various means were resorted to in using bank funds and considerable ingenuity was exercised in covering up shortages.

Within a few days before the date of this report to the Senate the First National Bank of Little Rock, Ark., failed. Its capital stock is \$500,000; its nominal surplus is \$100,000, and its liabilities and resources at the date of its last report were \$1,303,917.74. Bank Examiner G. W. Galbreath in a letter to Comptroller Hepburn of January 30, 1893, says of this bank:

Its former president, H. G. Allis, in connection with the cashier, W. C. Denny, so conducted its affairs as to almost totally wreck the bank, and I find among the shareholders widows whose estates had been left for them in the stock of this bank in days when it was under its former management, that in order to meet the required assessment will be reduced to almost absolute want. As shown by my statement, the Allis indebtedness to the bank is about \$450,000, and he acknowledges this amount. In addition to this acknowledged indebtedness there is known at this time to be over \$200,000 of paper outstanding upon which the indorsement of the bank has been placed, but which paper has never been put upon the books of the bank, and for which the bank has never received any credit directly or indirectly. As noted in my report, he has taken bills payable out of the bank without the knowledge of any other person, taken them to distant cities, rediscounted and pledged them as collateral, and used the money obtained thereby without placing anything on the records of the bank concerning them. He has also made many false entries, and falsified the last report of the condition, as shown by the report, and there seems to be no limit to the direct criminal action standing in plain incontrovertible form.

GENERAL CONCLUSION.

**THE NATIONAL BANKING SYSTEM IS SOUND, IF EXCESSIVE OVER-
LOANS TO OWNERS OF BANKS CAN BE STOPPED.**

As their general conclusion upon the whole subject, it is the opinion of the committee that if excessive overloans to officers and stockholders of national banks can be effectually stopped, there will be little to complain of in the workings of the system of the national banking associations, if it is the policy of Congress to continue a system of banks under national authority.

THE BILL REPORTED BY THE COMMITTEE.

The special recommendation of the committee is the passage of the bill (S. 3780) reported to the Senate January 16, 1893.

SINGLE LOANS MAY EQUAL 10 PER CENT OF CAPITAL AND SURPLUS.

The first section enlarges the limitation of the total liabilities to any bank of any corporation, person, or firm to one-tenth part of the capital stock and surplus of the association, but provides that, in case of excessive loans, the Comptroller shall commence suit for the forfeiture of the charter of the bank, and that the same shall not be discontinued without the authority of the Secretary of the Treasury.

LOANS TO STOCKHOLDERS AND OFFICERS TO BE SPECIALLY AUTHORIZED AND RECORDED.

Section 2 provides that all loans to stockholders or officers of the bank to a greater amount at any one time than \$1,000, shall be made only by authority, in writing, signed by the president of the bank and three-fourths of the directors, or by a majority vote of the directors at a legal meeting. The amount of every liability of a stockholder or officer shall be recorded in one special book, kept for that purpose alone;

any willfully false entry in the book or any intentional omission therefrom to be a crime.

The committee believe that a provision thus making excessive loans to the officers and stockholders impossible, except by ample authority and after fixing upon the directors due responsibility for every such loan, and a requirement that shall enable the amount of any and all such loans to be at all times easily ascertained by the bank examiner and the Comptroller, will prove highly and sufficiently efficacious in suppressing the vice of excessive loans by the national banks.

CERTAIN NEW PROVISIONS OF LAW RECOMMENDED BY THE COMPTROLLER.

Section 3 of the proposed bill, authorizing the Comptroller of the Currency to remove bank officials persistently guilty of violations of the act; section 4, requiring each bank examiner to give a bond; section 5, authorizing the appointment of two general examiners to travel over the country and supervise the local examiners; section 6, authorizing special counsel for receivers; and section 7, providing for securing liens upon real estate for the collection of assessments upon shareholders of failed banks, are recommended by the present Comptroller in his late report, and seem to be wise provisions of law.

CHANGES RECOMMENDED IN THE PENAL CLAUSE OF THE BANK LAW.

Section 8 makes a few changes in the penal clause in section 5209 of the United States Revised Statutes intended to obviate technical difficulties in the way of obtaining convictions of persons guilty of crimes in connection with the national banks. A copy of the proposed bill immediately follows the text of this report.

I concur generally with the foregoing and in the conclusion of the committee that if excessive overloans can be effectually stopped there will be little to amend in the system.

I do not agree with all the provisions of Senate bill 3780, and therefore can not concur in the recommendation as to the passage of that bill.

NATHAN F. DIXON.

I concur generally in the conclusions of the foregoing report, but desire to add:

First. That the law ought to be so amended as to prevent, under heavy penalties, all kinds of speculation by bank officers, and so that the operations of national banks shall be limited to legitimate banking.

Second. That the whole system of national banking ought to be abolished.

W. A. PEPPER.

S. 3730. 52d Congress, 2d session.

[Introduced by Mr. Chandler February 16, 1893, and referred to Select Committee on Failed National Banks. Reported favorably February 11, 1893.]

A bill in amendment of the provisions of the Revised Statutes relative to national banks.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the limitation of the total liabilities to any national banking association of any person, company,

corporation, or firm, under section fifty-two hundred of the Revised Statutes, shall be one-tenth part of the amount of the capital stock of such association actually paid in and the surplus of such association as ascertained and determined by the national-bank examiner at the last previous examination of such association. In case of any violation of the provisions of said section fifty-two hundred, as hereby amended, the Comptroller shall commence suit under section fifty-two hundred and thirty-nine of the Revised Statutes, and such suit shall not be discontinued without the authority of the Secretary of Treasury.

SEC. 2. That no liability, direct or indirect, to any association of any stockholder, director, or officer or other employé of any national banking association, to an amount greater at any one time than one thousand dollars shall be allowed to exist, except by previous authority in writing, signed by the president, or vice president when the president can not act, and three-fourths of the directors, or by a majority vote of the directors at a legal meeting of the board, the record of which shall show the name and vote of each director present. It shall be the duty of the directors to cause the amount of every such liability of any stockholder, director, officer, or other employé, with a full description thereof, to be recorded in one special book kept for such liabilities alone, and to cause the same to remain recorded therein as unpaid until it is fully discharged, and to designate by vote an official or officials by whom all entries shall be made in said book and attested by their signatures, with dates attached. Any willfully false entry made in said book by any person, or any intentional omission therefrom by any person whose duty it may be to make entries therein shall subject the guilty person, and any person who may be his aider or abettor, to punishment by fine not exceeding five thousand dollars or to imprisonment not exceeding one year, or to both such fine and imprisonment, according to the discretion of the court.

SEC. 3. That whenever it shall satisfactorily appear to the Comptroller of the Currency that any officer or director of a national bank has been guilty of violations of the provisions of the national-bank act, and such officer or director shall, after due admonition from the Comptroller of the Currency, persist in such violations, it shall be the duty of the Comptroller to give to such officer or director not less than ten days' notice to appear before him at his office in the city of Washington and show cause why he should not be removed from office. The Comptroller of the Currency, with the consent and approval of the Secretary of the Treasury, after due hearing or opportunity to be heard, as above provided, is hereby authorized and empowered to remove from office such officer or director.

SEC. 4. That each national-bank examiner, before entering upon his duties, shall take and subscribe the oath of office and file the same with the Comptroller of the Currency, and he shall give to the United States a bond with not less than two responsible sureties, to be approved by the Comptroller of the Currency, for such amount as the Comptroller may fix, conditioned for the faithful discharge of the duties of his office.

SEC. 5. That the Comptroller of the Currency is hereby authorized and empowered, with the approval of the Secretary of the Treasury, to appoint two general examiners of ability and experience, each of whom shall be entitled to an annual salary of five thousand dollars, together with his actual and necessary traveling expenses and disbursements, which shall be paid by the United States. It shall be the duty of such examiners, under the general direction of the Comptroller of the Currency, to visit, assist, and supervise the various bank examiners in

their several districts in order to secure uniformity in method and greater efficiency in work.

SEC. 6. That the requirement of section three hundred and eighty of the Revised Statutes, that suits and proceedings concerning national banking associations shall be conducted by the district attorneys of the several districts, shall not extend to suits and proceedings instituted by or against receivers of such banking associations.

SEC. 7. That in order to facilitate the collection of assessments upon shareholders of failed national banks, it shall be the duty of every receiver of such a bank, whenever the assets are insufficient to pay creditors in full, as soon as the Comptroller of the Currency has fixed and determined such deficiency and made an assessment upon the shareholders therefor, to file with the recorder or register of deeds of real estate within the county or other territorial subdivision in which each of said shareholders resides, when he may be able to ascertain his residence, a certificate reciting the name of such shareholder, the number of shares of stock owned by him, and the amount of assessment imposed thereon. The filing of such certificate shall create a lien upon the real estate of such shareholder within such county or other territorial subdivision for the amount of such assessment. A similar certificate may be filed in any county or other territorial subdivision other than that of the residence of the shareholder, and shall create a lien upon the real estate which may be found therein of such shareholder for the amount of such assessment. Such receiver is authorized and directed to execute a discharge and satisfaction of any such lien upon the payment or compromise of such assessment, or upon receiving a satisfactory bond to pay such assessment if its payment shall be finally ordered by a court of competent jurisdiction.

SEC. 8. That section fifty-two hundred and nine of the Revised Statutes is hereby amended by adding in the first line thereof, after the word "agent," the words "or employee;" and by striking out the words "in either case;" and by striking out the words "any agent appointed to examine the affairs of any such association" and inserting instead thereof the words "of the United States;" and by striking out the words "with like intent" and inserting instead thereof the word "knowingly," and by adding in the fourteenth line of said section, after the word "agent," the words "or employee."

Section 5209, if amended as proposed in section 8, will read:

"Every president, director, cashier, teller, clerk, agent or employee of any association, who embezzles, abstracts or willfully misapplies any of the moneys, funds, or credits of the association; or who, without authority from the directors, issues or puts in circulation any of the notes of the association; or who, without such authority, issues, or puts forth any certificate of deposit, draws any order or bill of exchange, makes any acceptance, assigns any note, bond, draft, bill of exchange, mortgage, judgment, or decree; or who makes any false entry in any book, report, or statement of the association, with intent to injure or defraud the association or any other company, body politic or corporate, or any individual person, or to deceive any officer of the association or of the United States; and every person who knowingly aids or abets any officer, clerk, agent, or employee in any violation of this section, shall be deemed guilty of a misdemeanor, and shall be imprisoned not less than five years nor more than ten."

CORRESPONDENCE RELATIVE TO MR. ASA P. POTTER'S CLOSED TRUNK.

Mr. Chandler to Mr. Beal.

CONCORD, N. H., *September 12, 1892.*

SIR: In behalf of the United States Senate Committee on Failed National Banks, I have to request that you will, through your counsel, apply for a revocation of the order of the court that the trunk shall remain unopened which was taken by its direction from your possession as receiver and placed in the custody of the clerk of the court. The question is of sufficient importance to demand speedy action, and to require, if any order of the court is appealable, a special session of the appellate tribunal for its prompt consideration.

This committee was directed by the Senate, by resolution of June 2 last, to investigate any recent failures of national banks and any violations of law and irregularities happening in connection therewith, and was given power to send for persons and papers.

The investigation was ordered by the Senate in direct view of the case of the Maverick National Bank. Proceeding to the execution of its duties, the committee has ascertained that evidence of importance, in the line of its inquiry, is contained in the trunk in question, but upon seeking to examine the same the clerk refuses to allow an inspection, acting under the order of court above referred to.

It appears that the order of court was issued in a proceeding in equity brought against you as receiver by Mr. Asa P. Potter, president of the insolvent bank, claiming the trunk and its contents as his private property. The United States district attorney was allowed by the circuit judge trying the cause to intervene and show the desire of the Government to examine the trunk and use the papers therein contained as evidence in criminal proceedings against the president and other officers of the bank. The judge made an order for opening the trunk under certain conditions and restrictions, but the circuit court of appeals revoked the order and remanded the case to the court below for further proceedings.

The ground of Mr. Potter's claim to exclude all persons from an examination of the trunk and its contents, which he asserts are his private property, is that every citizen is entitled to be protected in the full and exclusive possession of such property, and is especially secured against unreasonable searches and seizures of his books and papers made for the purpose of finding evidence on which to convict him of crime.

This committee has no disposition to encroach in the least degree upon the legal principle thus invoked, the protection afforded by which is the sacred right of every citizen of a country with a constitutional government. We do not differ from Lord Camden in his noble vindication of the doctrine, in the case of Entinck and Carington nor from its enforcement by a majority of our Supreme Court in the case of Boyd against the United States (116 U. S., 629), nor from the exposition of the subject given in Cooley's Constitutional Limitations (p. 307). But it seems to us that there is a broad and conclusive distinction between the present controversy and those cases whose authority is cited to justify the contention for secrecy now made.

I.

Here is no attempt to take Mr. Potter's property, books, or papers away from his person or his custody; nor to make search therefor or seizure thereof. The trunk and its contents came into the hands of the bank examiner, Mr. Ever, when he took possession of the bank, strictly according to law. They passed from the examiner, with equal legality and propriety, to the control of the receiver, whose possession is that of the United States Government. In that possession they are subject to be freely examined and used as evidence by every branch of that Government, executive, legislative, and judicial, and there is no just authority which can lawfully prevent or embarrass such examination and use in the public interest.

This right of examination and use as evidence by government officials it seems to us does not depend upon the question of strict ownership in the books and papers or the trunk which incloses them. The attempt of an alleged criminal by process of law to take such evidence out of the possession of the prosecuting officers of the government by a suit in equity we think must be a novelty in jurisprudence. Unquestionably if this trunk and its contents were upon the person or in the possession of Mr. Asa P. Potter, a court, or the Congress which has equal or greater power, would hesitate long before forcibly taking them from him by search and seizure for the purpose of showing him to be a criminal. The question would then arise: Is such a search and seizure reasonable or unreasonable, and upon the opinion on that point the decision would depend. But no such constitutional question arises where prop-

erty, whether chattels or documents, has actually passed from the possession of an alleged criminal into the custody of the government. Can he get them back again and suppress the evidence of crime by a civil suit? We shall be glad to be shown precedents if they exist for such a proceeding.

Could not the official searchers for the hatchet of the Borden murderer take it by force from the person of a suspected assassin, or from his house or his box in his bank? Would that be an unreasonable search or seizure? Or if it were supposed to be in a trunk in possession of the State authorities would that trunk be kept closed by a court in a suit in equity on the ground that it was the private property of the accused?

The Comptroller of the Currency under the direction of the Secretary of the Treasury is "charged with the execution of all laws passed by Congress" relating to the national banking system (R. S., Sec. 324). Under section 5,234 of the Revised Statutes he took possession of the Maverick National Bank and all the books, records, and assets found therein and he transferred the custody to yourself as receiver, so that your possession was that of the Government and you as well as the Comptroller are the officer or agent of the Government to hold everything so transferred subject to the lawful uses of the Government. This committee acting under the express orders of the Senate, has, as we understand its powers, the right, and it is its duty, to examine all books and papers which came into your possession which may throw light upon the circumstances attending the failure of the bank, or show violations of law or irregularities happening in connection therewith; and we are not convinced that there is just ground for withholding them from you or from us, even if the strict property title may be in persons who fear they may be shown thereby to have been criminally responsible for the failure of the bank.

II.

It appears by the testimony before the committee given by Mr. Edward W. Hutchins, who is counsel for yourself as receiver, that a written engagement was entered into between Mr. Potter and his counsel by which you and Mr. Hutchins are to have at all times access to all the papers in the trunk.

We do not understand that any agreement made in behalf of the United States can possibly be valid by which you and your counsel can be allowed at will to examine this trunk and its contents, and the Comptroller of the Currency and a committee of Congress can be excluded therefrom. On the narrow ground of this agreement, therefore, we may ask you to procure access to the trunk and allow an inspection and examination of its contents by this committee.

III.

According to the testimony of Mr. Hutchins it may fairly be inferred that there are three classes of papers in the trunk: (1) Papers belonging to the bank; (2) papers belonging to Mr. Potter not likely to throw light upon affairs of the bank; and (3) papers belonging to Mr. Potter which do throw important light upon the business of the bank, especially upon the Irving A. Evans settlement. The first and third classes of papers can not upon any principle be kept from the inspection of this committee.

In considering the questions treated in this letter we have not specially discussed the right of the district attorney to access to the trunk and papers in question, although the scope of the investigation directed by the Senate clearly authorizes an inquiry whether or not justice under the criminal laws is or is not being correctly, adequately, and effectively administered in Boston. But we have endeavored to avoid any action as a committee which might appear like criticism of pending legal proceedings, civil or criminal. The district attorney insists that he has a right before going to trial to have access to all the evidence which came into the possession of the Government when its officers took possession of the bank, and he is unwilling to go to trial with such evidence withheld and concealed from him. Prior to the discussion of that particular question by the court the committee would have desired neither to form nor express an opinion. But as to the rights of the committee, representing the Congress, we are compelled to state our views to you and to ask of you and your counsel speedy action so that we may fully obey the instructions of the Senate.

Very respectfully,

WM. E. CHANDLER,
Chairman.

THOMAS P. BEAL, Esq.,
Receiver of the Maverick National Bank, Boston, Mass.

BOSTON, *September 14, 1892.*

SIR: I am in receipt of your letter of September 12, and I shall at once forward to the Department at Washington a copy of the letter for their instructions in the matter.

Very respectfully yours,

THOS. P. BEAL,
Receiver.

HON. WILLIAM E. CHANDLER,
Concord, N. H.

CONCORD, N. H., *September 15, 1892.*

SIR: Your letter of September 14 is received. As the Potter suit was remanded by the court of appeals to the circuit court for further proceedings, I do not understand that there was need of your making inquiry of the Comptroller what you should do, unless your own judgment inclined you not to make a speedy effort to restore the trunk and its contents to your own possession, where it rightfully belongs, for use in all proper ways by the United States. Where it now stands it serves Mr. Potter's purpose admirably.

Very respectfully,

W. E. CHANDLER.

THOS. P. BEAL, Esq.,
Receiver.

[One copy sent to the Secretary of the Treasury and one to the Attorney-General.]

CONCORD, N. H., *September 16, 1892.*

SIR: I inclose to you a copy of a letter written by me as chairman of the committee on failed national banks to the receiver of the Maverick National Bank of Boston, which deserves your serious consideration. The district attorney should be directed to appear as counsel for the receiver in the suit in equity, brought by Mr. Asa P. Potter, to restrain the use by the United States of alleged evidence of crime now in the possession of the Government. Speaking only for myself, I desire to say that I regard the suit as an absurd and preposterous proceeding. The question of title to the black trunk and its contents is utterly insignificant.

The question whether a criminal indicted for stupendous crimes shall be aided by a court of justice in a civil suit to restrain the officers of the law from examining and using supposed evidence of those crimes which is now in their possession and rightfully came there, is a highly important one. I think the district attorney should be directed not to proceed to the trial of any of the indictments until the full and rightful control of the Government's evidence is restored to the public officials from whom it has been taken. Doubtless the court, upon due suggestion and full reflection, will not try the title to the trunk and the documents until after they have been used as evidence by the United States, in whose possession they properly were when an inconsiderate order of court was made taking them therefrom.

Very respectfully,

W. E. CHANDLER.

DEPARTMENT OF JUSTICE,
Washington, D. C., September 19, 1892.

DEAR SIR: Your letter of September 16, with newspaper copy of your communication to the receiver of the Maverick National Bank, is received. I have had no communication from the district attorney with reference to the subject matter of the equity suit to which you make reference. I do not know that I have any authority to direct the district attorney as to his conduct of the suit in question, as section 380 of the Revised Statutes provides that he shall act in this matter under the direction and supervision of the Solicitor of the Treasury. I am sure, however, that Mr. Allen will do his best to obtain this evidence, as he is in very thorough earnest in his effort to convict these people. I will write him on the subject.

Respectfully, yours,

W. H. H. MILLER,
Attorney-General.

Hon. W. E. CHANDLER,
Concord, N. H.

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, D. C., September 21, 1892.

SIR: I have your letter of September 16, addressed to the Secretary of the Treasury, inclosing copy of your letter to Thomas P. Beal, receiver of the Maverick National Bank, which has been turned over to me for reply.

Several days since I received a communication from Receiver Beal inclosing copy of your letter to him, copy of the opinion of the court, in the case involving the custody of the trunk and papers, copy of the receiver's agreement with the assignees of Asa P. Potter, in pursuance of which he has access to said papers for the purposes of his trust, and the opinion of his counsel, to the effect that he would have no standing in court in an attempt to procure the modification of the order of the court, as suggested in your letter, and reciting generally the status of matters, and asking instructions from this bureau as to what course he should pursue.

I referred the receiver's letter and accompanying papers to the Solicitor of the Treasury, deeming it a matter of sufficient importance, and asked his opinion and advice as to the nature of the reply or instructions to be given the receiver. The Solicitor replied to my communication as follows:

"SIR: I have considered the papers submitted with your letter of the 17th instant, relative to the request of a committee of the United States Senate on failed national banks to be permitted to inspect certain papers belonging to the Maverick National Bank.

"Hon. William E. Chandler, chairman of said committee, requests that the receiver apply to the court having custody of the trunk containing said papers for a modification of an order made in the suit brought against him by Asa P. Potter, the president of the bank, so as to allow the committee to make the desired examination.

"Under all the facts and circumstances of the case, I do not think it would be proper for the receiver to comply with said request."

As I understand it, a committee of the United States Senate, with power to send for persons and papers, represents a superior power to that of any department of the Government, and can procure all the evidence it requires through its own inherent powers, without invoking the assistance of anyone else.

It would seem to me, therefore, that you are in no way dependent upon the action of this bureau in obtaining the information which you desire.

The opinion of the Solicitor is, of course, conclusive upon this office, and a copy of the same was sent to the receiver, who was advised to govern his action in accordance with such opinion.

Very respectfully,

A. B. HEPBURN,
Comptroller.

HON. WILLIAM E. CHANDLER.

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, D. C., September 19, 1892.

SIR: Your letter of September 15, inclosing copy of a communication from Hon. William E. Chandler, chairman of the Senate investigating committee, copy of an agreement between yourself and the assignees of Mr. Potter, copy of order of the court in reference to the custody of said trunk, etc., were all referred to the Solicitor of the Treasury for his advice and instruction, in regard to the nature of the reply to be made to you.

His reply received to-day is as follows:

"SIR: I have considered the papers submitted with your letter of the 17th instant, relative to the request of a committee of the United States Senate on failed national banks to be permitted to inspect certain papers belonging to the Maverick National Bank.

"Hon. William E. Chandler, chairman of said committee, requests that the receiver apply to the court having custody of the trunk containing said papers for a modification of the order made in the suit brought against him by Asa P. Potter, the president of the bank, so as to allow the committee to make the desired examination.

"Under all the facts and circumstances of the case, I do not think it would be proper for the receiver to comply with said request."

I understand that the investigating committee appointed by the United States Senate, with power to send for persons and papers, is a superior power to that of this Department or of the courts even, and it would seem that the said committee ought

to be able to obtain all the information they require through the exercise of the power inherent in itself without laying under contribution this Bureau for assistance.

I adopt the reply of the Solicitor and suggest that you be governed by the same.

Very respectfully,

A. B. HEPBURN,
Comptroller.

MR. THOMAS P. BEAL,
Receiver *Maverick National Bank, Boston, Mass.*

BOSTON, *September 27, 1892.*

DEAR SIR: In reply to your letter of September 12, 1892, I send you a copy of a letter received by me from Hon. A. B. Hepburn, Comptroller of the Currency.

I must comply with the instructions received in this letter.

Very respectfully,

THOS. P. BEAL,
Receiver.

HON. WM. E. CHANDLER,
Concord, N. H.

CONCORD, N. H., *September 23, 1892.*

SIR: Your letter of the 19th, in reply to mine of the 16th, is at hand.

By section 380 of the Revised Statutes, it is true, suits and proceedings under the banking laws are to be conducted by the district attorney "under the direction and supervision of the Solicitor of the Treasury." The Solicitor of the Treasury is, however, an officer "in the Department of Justice" (sec. 349) and is to exercise his functions "under the supervision and control of the head of the Department of Justice" (sec. 350).

The district attorney appeared in his own behalf as a party defendant in the equity suit of Potter against Receiver Beal, and was allowed so to appear by Judge Aldrich. The later decision of the circuit court of appeals, however, was that he could not so appear. My suggestion was that to avoid this objection the district attorney should be directed to appear as counsel for the receiver. This would be in strict accordance with section 380 and, indeed, is required by that section.

Since receiving your letter I have also received a communication from the Comptroller of the Currency, dated September 21, covering an opinion of the Solicitor of the Treasury that it would not be proper for the receiver to apply to the court for a modification of the order excluding the papers in the trunk from examination. The Solicitor gives no reason whatever for his opinion.

What action the Solicitor proposes that the receiver and his counsel shall take in the premises does not appear. On June 11, 1892, the suit in equity was sent back to the circuit court "for further proceedings," the district attorney to be excluded from appearing as a party defendant. My suggestion that the district attorney be directed to appear as counsel for the receiver is rejected by the Solicitor of the Treasury as improper. The receiver's special counsel has made an arrangement with the indicted criminal, Asa P. Potter, to the effect that the receiver and his counsel may have access to the contents of the trunk, but that they shall not be "unnecessarily" used against Mr. Potter in any criminal proceedings. Mr. Beal, therefore, does not resist Mr. Potter's suit in equity to keep the trunk closed.

The district attorney is not allowed to appear as a party to the suit, although section 380 of the Revised Statutes requires him to appear for the receiver. Special counsel are employed, who entertain views different from the district attorney's, namely, that the trunk shall be kept closed, and that its contents shall not be used in criminal proceedings. This result is in accordance with directions of the Solicitor of the Treasury, who is an officer of the Department of Justice, which can not, however, interfere. But justice certainly miscarries under such administration.

The Comptroller and Solicitor seem to assume that the Committee on Failed National Banks ask that some action may be taken on its motion, which ought not otherwise to be taken. This is a mistake. The broad ground assumed by the committee is distinctly stated in my letter to the receiver. Every branch of the Government has the right to inspect papers lawfully in the possession of any other branch, unless some special reason to the contrary can be shown.

This committee, acting under the order of the Senate, can not be excluded, as it conceives, from examining the contents of this trunk, which came properly into the hands of Receiver Beal, because those contents, more or less of them, may be the private property of an alleged criminal which would tend to show his guilt. That question is now before the court for decision, and meantime the trunk is closed by order of court. The committee has only asked that the proceedings may go forward

to a decision, with the district attorney, whom the law expressly requires to appear, acting as counsel, and not under the sole control of special counsel for the receiver, who has made an arrangement with the alleged criminal that the trunk shall not be opened for use in criminal proceedings, and who advises the receiver that he will have no standing in court on a motion for a modification of the order closing the trunk.

Your careful consideration of the extraordinary situation presented is respectfully requested.

Very respectfully,

Hon. W. H. H. MILLER,
Attorney-General.

W. E. CHANDLER,
Chairman.

DEPARTMENT OF JUSTICE,
Washington, D. C., September 23, 1892.

SIR: Your letter of September 23, together with the personal note enclosed, is received. I have examined the papers upon which the Solicitor of the Treasury advised the Comptroller against the propriety of the receiver making application for a modification of the order of the court with reference to the custody of the trunk in the Maverick National Bank case. Upon such examination I have advised the Acting Solicitor of the Treasury that his opinion to the Comptroller against making the application does not have my approval, and directed him to bring my letter to that effect before the Comptroller. The relations between that bank and its officers and the United States courts in Boston are difficult to understand, to say the least.

Yours, very truly,

Hon. WILLIAM E. CHANDLER,
Concord, N. H.

W. H. H. MILLER,
Attorney-General.

DEPARTMENT OF JUSTICE,
Washington, D. C., September 23, 1892.

SIR: I have examined the papers in connection with the application of Senator Chandler to have the receiver of the Maverick National Bank assist in obtaining a disclosure of the documents in the trunk now in the custody of the clerk at Boston.

It seems to me, in view of the history of that case, the apparently well-founded charges of fraud against Mr. Potter and others associated with him in the bank, and in view of the fact that the officers of this Department are endeavoring by prosecutions in court to punish violations of law in this matter, that the Treasury Department ought, through its receiver, to do everything in its power to assist in bringing to light the evidence in the premises. This being so, it seems to me the receiver ought to assist in obtaining an order from the court which would result in a disclosure of such evidence. I therefore do not concur in your view that it would be improper for the receiver to make an application for a modification of the order of the court in the premises.

You will please bring this letter to the attention of the Comptroller of the Currency.

I return herewith the papers inclosed in your letter as requested.

Respectfully yours,

FELIX A. REEVE, Esq.,
Acting Solicitor of the Treasury.

W. H. H. MILLER,
Attorney-General.

TESTIMONY

TAKEN BY THE

SELECT COMMITTEE ON FAILED NATIONAL BANKS

COMPOSED OF

SENATORS WILLIAM E. CHANDLER,
NATHAN F. DIXON,
WILLIAM A. PEFFER,
JOHN G. CARLISLE,
CALVIN S. BRICE.

APPOINTED BY THE

UNITED STATES SENATE
UNDER RESOLUTION OF JUNE 2, 1892.



WASHINGTON:
GOVERNMENT PRINTING OFFICE.
1892.

TESTIMONY TAKEN BY THE SELECT COMMITTEE ON FAILED NATIONAL BANKS, APPOINTED BY THE UNITED STATES SENATE.

WASHINGTON, D. C., *June 17, 1892.*

The committee met at 10 o'clock a. m.

Present: Senators Chandler (chairman), Dixon, Peffer, and Harris. The CHAIRMAN. The Senate on June 2, 1892, adopted the following resolution:

IN THE SENATE OF THE UNITED STATES,
June 2, 1892.

Resolved, That a committee of five Senators be appointed to inquire whether the existing provisions of the laws relative to national banks and the customary proceedings under said laws in cases of failures of such banks furnish sufficient protection to the depositors and other creditors and to the stockholders of such failed banks; said committee to report by bill or otherwise, and to have power in pursuing its inquiry to investigate any recent failures of such banks, and any violations of law and irregularities happening in connection therewith; and said committee, or a majority thereof, to have authority to administer oaths to witnesses and take testimony in Washington or elsewhere, according to its discretion, during the present session or the recess of Congress; to send for persons and papers, and to employ a stenographer and an expert; the expenses of the investigation to be paid from the contingent fund of the Senate.

In compliance with the foregoing resolution the President *pro tempore* appointed as such committee the following Senators: Mr. Chandler, Mr. Higgins, Mr. Peffer, Mr. Harris, and Mr. McPherson.

Attest:

ANSON G. MCCOOK,
Secretary.

Subsequently Senator Higgins was excused from further service on the committee, and Senator Dixon was appointed as follows:

IN THE SENATE OF THE UNITED STATES,
June 15, 1892.

The President *pro tempore* appointed the Senator from Rhode Island (Mr. Dixon) a member of the Select Committee on Failed Banks in place of Mr. Higgins, excused.

Attest:

ANSON G. MCCOOK,
Secretary.

By CHARLES W. JOHNSON,
Chief Clerk.

The CHAIRMAN. By oral understanding with all the members of the committee, I was authorized, preliminarily, to ask the Comptroller of the Currency to furnish copies of circulars, forms, and returns used in his office in the ordinary course of supervision of national banks, and also copies of returns and reports on file concerning the Keystone and Spring Garden National Banks of Philadelphia, the Maverick National Bank of Boston, and the recently failed bank of Arkansas City, Kans., with

a view, when said copies were received, of submitting them to the committee, on which work I have been engaged. Those copies are not yet prepared, but Mr. Charles J. Stoddard, of the office of the Comptroller of the Currency, is here at my request, to be examined on two special subjects.

Senator HARRIS. As the committee is not full this morning, I move that we adjourn, subject to the call of the chairman.

The motion was agreed to and the committee adjourned.

WASHINGTON, *June 23, 1892.*

TESTIMONY OF CHARLES J. STODDARD.

The chairman acting as a subcommittee called, as a witness, Charles J. Stoddard, who was duly sworn and interrogated as follows:

Q. What is your residence and your occupation?—A. Worcester, Mass., and now clerk in charge of the subject of insolvent national banks in the Bureau of the Currency.

Q. Have you, under the direction of the Comptroller, prepared certain copies from the records of the Bureau for submission to this committee?—A. I have had them prepared.

Q. Will you produce copies of the last nine reports made by the Maverick National Bank officers to the Comptroller?—A. Certified copies are submitted herewith, and marked Exhibits A to J, inclusive.

Q. Will you produce copies of the reports of Bank Examiner J. W. Magruder to the Comptroller of the Currency concerning the Maverick National Bank during one year prior to its suspension, October 31, 1891?—A. Certified copies of the examiner's two reports dated January 7, 1891, and August 18, 1891, are submitted herewith and marked Exhibits K to U, inclusive, the several schedules being certified separately.

Q. Will you produce certain correspondence that has been indicated concerning said bank anterior to suspension?—A. Certified copies of correspondence are submitted herewith, covering the period from October 28, 1890, to November 1, 1891, and numbered from 1 to 40, inclusive.

Q. Will you produce from the receiver's first report a copy of his condensed statement of assets and liabilities, the summary of assets, and certain items which have been indicated from the list of assets?—A. The information desired is submitted herewith, the papers being numbered from 41 to 44, inclusive.

Q. Please produce certain extracts from the list of stockholders.—A. The paper desired is No. 45.

Q. Please give the overdrafts at suspension of Messrs. J. W. Magruder and Asa P. Potter.—A. This paper is No. 46.

Q. Please give a list of the twelve largest depositors at the date of suspension and also the names of certain other depositors which have been indicated with the amounts due to them.—A. This paper is No. 47.

Q. Will you produce certain correspondence that has been indicated occurring after suspension?—A. Certified copies of the correspondence referred to are numbered from 48 to 56.

FAILED NATIONAL BANKS.

EXHIBIT A.

[Use the blank lines if necessary, but do not erase or change any of the printed items.]

No. of bank, 677.

Report of the condition of "The Maverick Bank," at Boston, in the State of Massachusetts, at the close of business on the 28th day of February, 1890.

DR. CR.

Resources.	Dollars.	Liabilities.	Dollars.
1. Loans and discounts (see schedule)	7,022,753.38	1. Capital stock paid in	400,000.00
2. Overdrafts (see schedule)	15.89	2. Surplus fund	600,000.00
3. U. S. bonds to secure circulation (par value) 50,000 per cents	50,000.00	3. Undivided profits	387,694.80
4. U. S. bonds to secure deposits (par value) per cents	None.	4. Circulating notes received from Comptroller	
5. U. S. bonds on hand (par value) 29,550.00 per cents	29,550.00	Less amount on hand and in Treasury for redemption or in transit	
6. Stocks, securities, claims, etc. (see schedule)	753,624.45		45,000.00
7. Due from approved reserve agents (see schedule)	1,171,358.24	5. State bank circulation outstanding	None.
8. Due from other national banks	1,069,636.45	6. Dividends unpaid	15.00
9. Due from State and private banks and bankers	None.	7. Individual deposits subject to check	\$3,096,651.54
10. Banking house	None.	8. Demand certificates of deposit	\$ 248,586.10
11. Furniture and fixtures	None.	9. Time certificates of deposits	None.
12. Other real estate and mortgages owned (see schedule)	None.	10. Certified checks	\$ 437,172.15
13. Current expenses and taxes paid	64,232.20	11. Cashier's checks outstanding	None.
14. Premium on bonds for circulation \$ None; premium on other U. S. bonds \$6,041.95	6,041.95		3,782,409.79
15. Checks and other cash items (see schedule)	23,874.84	12. United States deposits	None.
16. Exchanges for clearing house	559,020.76	13. Deposits of U. S. disbursing officers	None.
17. Bills of other banks	32,813.00	14. Due to approved reserve agents (see schedule)	562,003.37
18. Fractional paper currency, nickels, and cents	41.34	15. Due to other national banks	4,916,703.14
19. Specie, viz— Gold coin \$ 62,227.50 Gold Treasury certificates \$701,000.00 Gold clearing-house certificates \$ None. Silver dollars \$ 1,300. Silver Treasury certificates \$ None. Fractional silver coin \$ 5,006.	769,533.50	16. Due to State and private banks and bankers	1,231,418.10
20. Legal-tender notes	230,400.00	17. Notes and bills rediscounted	None.
21. United States certificates of deposit for legal-tender notes (sec. 5193, Rev. Stat.)	120,000.00	18. Bills payable	None.
22. Redemption fund with U. S. Treasurer (not more than 5 per cent. on circulation)	2,250.00		
23. Due from U. S. Treasurer (other than 5 per cent redemption fund)	None.		
Total	11,905,244.00	Total	11,905,244.00

I, J. W. Work, cashier of "The Maverick National Bank, of Boston," do solemnly swear that the above statement is true, to the best of my knowledge and belief, and that the schedules on back of the report have been carefully filled out and fully and correctly represent the true state of the several matters therein contained.

Correct.—Attest.

J. W. WORK, Cashier.
ASA P. POTTER,
JONAS H. FRENCH,
HENRY F. WOODS,
Directors.

STATE OF MASSACHUSETTS, County of Suffolk:
Sworn to and subscribed before me this sixth day of March, 1890.
[SEAL]

L. VERNON BRIGGS,
Notary Public.

Must be acknowledged before an officer using an official seal. See act approved Feb. 26, 1881.

NOTE.—This report is to be made at such times as may be designated by the Comptroller of the Currency; to be sworn to by the president or cashier, not by assistant cashier; attested by not less than three directors, and forwarded to the Comptroller of the Currency without delay. Each day's delay, after five days, will subject the bank to a penalty of one hundred dollars. See sections 5211 and 5213, Revised Statutes of the United States.

FAILED NATIONAL BANKS.

[Fill all schedules, writing in the word "none" wherever no amount is entered.]

SCHEDULES.

Loans and discounts.

On demand, on U. S. bonds.....	\$ 9,500.00
On demand, on stocks, bonds, and other personal securities.....	\$3,465,764.18
On time, paper with two or more individual or firm names.....	\$2,116,548.42
" " single-name paper (one person or firm) without other security.....	\$ 842,438.67
" " secured by stocks, bonds and other personal securities.....	\$ 437,982.11
" " on mortgages or other real-estate security (see schedule).....	\$ 150,530.00
Total.....	7,022,753.38

Included in the above are—

Bad debts, as defined in section 5204, Rev. Stat.....	\$ None.	} Enter the amount in each of these three items, or write in the word "none" if there is no amount to enter.
Other suspended and overdue paper.....	\$ 68,404.30	
Liabilities of directors (individual and firm) as payers.....	\$187,167.33	

Loans exceeding the limit prescribed by section 5200 of the Revised Statutes, including amounts which exceed this limit due from State and private banks and bankers.

Name of borrower.	Enter full amount of loan.	Name of borrower.	Enter full amount of loan.
Jones Cook & Co.....	200,000.00	J. V. Farnell & Co.....	70,000.00
W. B. Bacon.....	45,120.00	Volpey & Anthony.....	44,995.00
I. A. Evans & Co.....	106,350.00	Wm. S. King.....	51,522.00
L. O. Garrett.....	40,788.51	Lombard Investment Co.....	50,000.00
H. D. Hyde.....	94,748.33	Sheldon & Binney.....	60,000.00
N. W. Jordan.....	64,000.00	West End S. Railway.....	50,000.00
T. S. McGowen.....	45,020.27	H. M. Whitney.....	70,556.73

Stocks, securities, claims, &c.

Enter number shares of stock or face value bonds.	Name of corporation issuing stock, bonds, etc.	Amount at which carried on books.	Estimated actual market value.	State whether taken for debts previously contracted or otherwise.
17,000	Jacksonville, Tampa, Key West collateral trust series—A, 11,000; B, 6,000.		\$12,437.50	
67,000	Atchison, Topeka & Santa Fé 4% bonds		56,046.66	
68,000	do. income do.		37,400.00	
930	do. do. scrip do.		539.00	
2,000	Union Pacific R. R. collateral trus. 6s.		2,160.00	
209,000	Atlantic and Pacific R. R. 4s		150,480.00	
57,000	Chicago, Kansas & Western R. R. incomes.		11,068.75	
50,000	Atchison, Topeka and Santa Fé collateral 5s.		40,866.67	
164,000	Richmond West Point Terminal 6s		164,000.00	
10,000	Mexican Central R. R. 10% debentures.		10,918.67	
5,000	Boston Cab Co. 5s guaranteed		5,083.33	For debt previously contracted.
27,000	Springfield, Mo., Water Co. 6s, 1909		27,945.00	
10,000	Boston United Gas bonds, 1st		9,333.33	
10,000	do. 2d		7,633.33	
1,000	City Chicago, Ill., 7s, 1892		1,101.66	
17,000	City Albany, N. Y., Ry. Co. 5s, 1930		17,141.67	
24,000	Marblehead, Mass., water bonds, 1902-1920		26,560.00	
*8,013.60	Champion Machine Co., Springfield, Ohio, 3s.		7,560.00	For debt previously contracted.
23,120	Whitely, Fasseley & Kelly, Springfield, Ohio, 3s.		23,784.70	Do.
43,000	Alberta Lumber Co., Minnesota, 6%, due 1908.		43,000.00	
813,613.60			655,058.27 61,090.00	For debt previously contracted.
†1,703	Ruby Mining Co., Michigan.....	\$753,624.45	706,148.27	

* 7,560
453.60
8,013.60
23,120
1,011.50 Int.
22,008.50
† Shares.

EXHIBIT B.

[Use the blank lines, if necessary, but do not erase or change any of the printed items.]

No. of bank, 677.

Report of the condition of "The Maverick National Bank," at Boston, in the State of Massachusetts, at the close of business on the 17th day of May, 1890.

De.	Dollars.	Liabilities.	Dollars.
1. Loans and discounts (see schedule)	7,514,723.96	1. Capitol stock paid in.....	400,000.00
2. Overdrafts (see schedule).....	163.09	2. Surplus fund.....	600,000.00
3. U. S. bonds to secure circulation (par value), 50,000 per cents per cents.....	50,000.00	3. Undivided profits.....	344,214.87
4. U. S. bonds to secure deposits (par value) . . . per cents.....	None.	4. Circulating notes received from Comptroller.... \$	
5. U. S. bonds on hand (par value) 9950 per cents.....	9,950.00	Less am't on hand and in Treasury for redemption or in transit.... \$	
6. Stocks, securities, claims, etc. (see schedule).....	864,776.32		45,000.00
7. Due from approved reserve agents (see schedule).....	1,159,148.99	5. State bank circulation outstanding.....	None.
8. Due from other national banks.....	1,240,559.35	6. Dividends unpaid.....	85.00
9. Due from State and private banks and bankers.....	None.	7. Individual deposits subject to check..... \$3,256,070.50	
10. Banking house..... \$ None.	None.	8. Demand certificates of deposit..... \$416,277.00	
11. Furniture and fixtures..... \$ None.	None.	9. Time certificates of deposit..... \$ None.	
12. Other real estate and mortgages owned (see schedule).....	None.	10. Certified checks . \$ 700,118.74	
13. Current expenses and taxes paid.....	12,410.27	11. Cashier's checks outstanding.... \$ None.	
14. Premium on bonds for circulation, \$; premium on other U. S. bonds, \$1,181.67.....	1,181.57		4,372,466.24
15. Checks and other cash items (see schedule).....	25,592.28	12. United States deposits.....	None.
16. Exchanges for clearing house.....	710,921.79	13. Deposits of U. S. disbursing officers.....	None.
17. Bills of other banks.....	33,770.00	14. Due to approved reserve agents (see schedule).....	389,014.01
18. Fractional paper currency, nickels, and cents.....	35.52	15. Due to other national banks.....	5,228,700.75
19. Specie, viz:		16. Due to State and private banks and bankers.....	1,349,806.27
Gold coin..... \$304,414.00		17. Notes and bills rediscounted....	None.
Gold Treasury certificates..... \$622,000.00		18. Bills payable.....	None.
Gold clear'g house certificates..... \$ None.			
Silver dollars..... \$ 1,500.00			
Silver Treasury certificates..... \$ None.			
Fractional silver coin..... \$,590.00			
20. Legal-tender notes.....	928,504.00		
21. United States certificates of deposit for legal-tender notes (sec. 5193, Rev. Stat.).....	176,300.00		
2. Redemption fund with U. S. Treasurer (not more than 5 per cent on circulation).....	None.		
3. Due from U. S. Treasurer (other than 5 per cent redemption fund)	2,250.00		
	None.		
Total.....	12,727,287.14	Total.....	12,727,287.14

I, J. W. Work, cashier of "The Maverick National Bank of Boston," do solemnly swear that the above statement is true, to the best of my knowledge and belief, and that the schedules on back of the report have been carefully filled out and fully and correctly represent the true state of the several matters therein contained.

Correct. Attest:

J. W. WORK, Cashier.

THOMAS DANA,
HENRY F. WOODS,
ASA P. POTTER,
Directors.

STATE OF MASSACHUSETTS, County of Suffolk:

Sworn to and subscribed before me this 24th day of May, 1890.

[SEAL]

LLOYD BRIGGS,
Notary Public.

Must be acknowledged before an officer using an official seal. (See act approved Feb. 26, 1881.)

FAILED NATIONAL BANKS.

[Fill all schedules, writing in the word "None" wherever no amount is to be entered.]

SCHEDULES.

Loans and discounts.

On demand on U. S. bonds.....	\$	None
" " " " stocks, bonds, and other personal securities.....	\$3,317,898.45	
On time, paper with two or more individual or firm names.....	\$2,390,795.88	
" " " " single-name paper (one person or firm) without other security.....	\$1,130,182.14	
" " " " secured by stocks, bonds, and other personal securities.....	\$ 465,862.49	
" " " " on mortgages or other real-estate security (see schedule).....	\$ 210,485.00	
Total		7,614,723.96

Included in the above are—			
Bad debts, as defined in section 5204, Rev. Stat.....	\$	None.	} Enter the amount in each of these three items, or write in the word "none" if there is no amount to enter.
Other suspended and overdue paper.....	\$	36,734.30	
Liabilities of directors (individual and firm) as payers.....	\$157,021.83		

Loans exceeding the limit prescribed by section 5200 of the Revised Statutes, including amounts which exceed this limit due from State and private banks and bankers.

Name of borrower.	Enter full amount of loan.	Name of borrower.	Enter full amount of loan.
D. M. Sabin.....	\$68,514.00	N. W. Jordan.....	\$65,000.00
H. M. Whitney.....	91,166.73	Leland Toule & Co.....	51,500.00
Wm. S. King.....	51,524.00	Lord & Mandell.....	70,000.00
Nathan Matthews.....	45,310.00	J. W. Mackintosh & Co.....	85,500.00
J. R. Whipple.....	100,000.00	T. S. McGowen.....	80,020.27
W. B. Bacon.....	45,120.00	West End St. Railway.....	50,000.00
Chas. W. Clark.....	45,384.63	John R. Bullard.....	47,755.37
I. A. Evans & Co.....	86,400.00	<i>We will endeavor to have them reduced as they become due.</i>	
L. O. Garrett.....	40,788.51		
Jones, Cook & Co.....	200,000.00		

Stocks, securities, claims etc.

Enter number shares of stock or full value of bonds.	Name of corporation issuing stock, bonds, &c.	Amount of which carried on books.	Estimated actual market value.	Debt previously contracted or otherwise.
\$211,500	Atchison, Topeka and Santa Fé R. R., 4 per cent.		\$185,110.34	
5,000.00	Boston Cab Co., 6 per cent.....		5,037.50	For debt previously contracted.
43,000.00	Alberta Lumber Co., 6.....		43,265.16	
10,000.00	Jacksonville, Tampa and Key West Coll'l, series "A,".....		8,176.67	
7,000.00	Jacksonville, Tampa and Key West Coll'l, series "B,".....		4,306.00	
2,000.00	Union Pacific R. R., 6.....		2,205.33	For debt previously contracted.
7,560.00	Champion Machine Co., 3.....		7,683.48	
209,000.00	Atlantic and Pacific R. R., 4.....		170,335.00	
164,000.00	Richmond and West Point Terminals, 6 per cent.		165,640.00	
100,000.00	Bay State Gas Co., 5.....		97,266.67	
7,000.00	Do. Coupons due July 1, 1890		7,000.00	
5,000.00	Wisconsin Iron Co., bonds.....		40,000.00	
10,000.00	Springfield, Mo., Water Co., 6.....		10,480.00	
7,000.00	Boston United Gas Co., 1st, 5.....		6,644.17	
1,000.00	City of Chicago, Ill., 7.....		1,096.83	
20,000.00	Albany, New York, Ry., 5.....		20,783.33	
13,000.00	Town of Marblehead, 4.....		14,499.33	
1,000.00	Boston and Maine R. R., 7.....		1,136.83	
6,000.00	Burlington and Missouri River R. R., 7.....		6,611.00	
14,000.00	City of Cleveland, Ohio, school bonds, 5.....		14,316.94	
1,000.00	Kansas City, Kansas, 10's.....		1,199.59	
1,000.00	Concord and Claremont Ry., 7's.....		1,098.08	
*1,703	Ruby Mining Co., Michigan.....		51,090.00	For debt previously contracted.
		\$864,776.32	864,982.25	

*Shares.

FAILED NATIONAL BANKS.

Balances due from or to approved reserve agents.

From— Enter name and location of bank.	Amount.	To— Enter name and location of bank.	Amount.
United States Nat'l Bank, N. Y	\$371,011.02	United States Nat'l B'k, N. Y	\$133,289.89
First Nat'l B'k, N. Y	284,554.72	Chase Nat'l B'k, N. Y	198,545.08
Chase Nat'l Bank, N. Y	356,366.22	Nat'l Bank of Republic, N. Y	57,179.04
Nat. Bank of Republic.....	144,217.03		389,014.01
	1,156,148.99		

Checks and other cash items.

Checks and drafts on banks, &c., in this city	Checks and Treasury checks, also U. S. coupons since collected.....	\$25,592.28
Checks and drafts on other banks....		

Average reserve and interest.—Average reserve for last 30 days (in bank and with reserve agents) was 25.69 per cent of deposits and bank balances. The highest rate of interest paid by the bank is 24 per cent with a few exceptions.

Overdrafts.

Secured:		Unsecured:	
Standing 12 months or over.....		Standing 12 months or over.....	
" 6 " "		" 6 " "	
" 3 " "		" 3 " "	
" 1 " "		" 1 " "	
Temporary		Temporary	\$163.09

Other real estate and mortgages owned.

Describe property, state form of conveyance, and from whom obtained.	Amount at which carried on books.	Amount of prior lien on property, if any.	Estimated actual value of property.	Date when acquired.	State whether taken for "debts previously contracted," or otherwise.

Loans and discounts, secured by mortgages or other real-estate security.

Describe property, state form of conveyance, and from whom obtained.	Amount at which carried on books.	Amount of prior lien on property, if any.	Estimated actual value of property.	Date when acquired.	State whether taken for "debts previously contracted," or otherwise.
L. M. Child.....	\$40,000	None.	\$60,000	July 9, 1889	Debt previously contracted.
E. O. Glidden.....	10,000	None.	15,000	July 9, 1889	Do.
W. C. Norcross.....	10,000	None.	15,000	July 9, 1889	Do.
John Christie.....	660	\$5,000	7,000	Aug. 4, 1876	Do.
C. E. Raymond.....	30,000	None.	40,000	May 21, 1883	Do.
J. P. Squire.....	20,000	None.	30,000	Oct. 12, 1888	Do.
N. Y. Brintnall.....	1,500	None.	2,500	Jan. 1, 1889	Do.
Wm. Vogler.....	3,825	None.	5,000	June 22, 1889	Do.
John T. Curry.....	34,500	None.	55,000	Jan. 1, 1890	Do.
Thomas M. Stevens.....	60,000	None.	100,000	March 1, 1890	Do.
	210,485				

FAILED NATIONAL BANKS.

EXHIBIT C.

No. of bank, 677.

[Use the blank lines if necessary, but do not erase or change any of the printed items.]

Report of the condition of "The Maverick National Bank," at Boston, in the State of Massachusetts, at the close of business on the 18th day of July, 1890.

DR.

CR.

Resources.	Dollars.	Liabilities.	Dollars.
1. Loans and discounts (see schedule)	7,229,334.88	1. Capital stock paid in.....	400,000.00
2. Overdrafts (see schedule).....	128.98	2. Surplus fund.....	600,000.00
3. U. S. bonds to secure circulation (par value), 50,000 per cents— per cents.....	50,000.00	3. Undivided profits.....	403,136.05
4. U. S. bonds to secure deposits (par value)—per cents.....	None.	4. Circulating notes received from Comptroller...\$	
5. U. S. bonds on hand (par value), 7,900 per cents.....	7,900.00	Less am't on hand and in Treasury for redemption or in transit...\$	
6. Stocks, securities, claims, etc. (see schedule).....	914,299.26		45,000.00
7. Due from approved reserve agents (see schedule).....	1,197,254.56	5. State bank circulation outstand- ing.....	None.
8. Due from other national banks.....	1,296,946.82	6. Dividends unpaid.....	50.00
9. Due from State and private banks and bankers.....	None.	7. Individual depos- its subject to check.....\$ 3,259,014.51	
10. Banking house..... None.		8. Demand certifi- cates of deposit \$ 541,305.25	
11. Furniture and fix- tures..... None.		9. Time certificates of deposit..... None.	
12. Other real estate and mortgages owned (see schedule).....	57,895.00	10. Certified checks...\$ 307,369.21	
13. Current expenses and taxes paid.....	35,706.21	11. Cashier's checks outstanding.... None.	
14. Premium on bonds for circula- tion, none; premiums on other U. S. bonds, none.....	None.	12. United States deposits.....	4,107,688.97
15. Checks and other cash items (see schedule).....	21,299.12		None.
16. Exchanges for clearing house.....	593,543.40	13. Deposits of U. S. disbursing offi- cers.....	None.
17. Bills of other banks.....	35,636.00	14. Due to approved reserve agents (see schedule).....	483,421.31
18. Fractional paper currency, nick- els, and cents.....	43.31	15. Due to other national banks....	5,240,215.95
19. Specie, viz: Gold coin.....\$52,777.00		16. Due to State and private banks and bankers.....	1,420,802.26
Gold Treasury cer- tificates.....\$748,000.00			
Gold clearing-house certificates..... None.		17. Notes and bills rediscounted....	None.
Silver dollars.....\$ 3,100.00		18. Bills payable.....	None.
Silver Treasury cer- tificates..... None.			
Fractional silver coin.....\$ 660.00			
	804,537.00		
20. Legal-tender notes.....	453,550.00		
21. United States certificates of de- posit for legal-tender notes (see 5193, Rev. Stat.).....	None.		
22. Redemption fund with U. S. Treasurer (not more than 5 per cent on circulation).....	2,250.00		
23. Due from U. S. Treasurer (other than 5 per cent redemption fund).....	None.		
Total.....	12,700,324.54	Total.....	12,700,324.54

I, J. W. Work, cashier of "The Maverick National Bank of Boston," do solemnly swear that the above statement is true, to the best of my knowledge and belief, and that the schedules on back of the report have been carefully filled out and fully and correctly represent the true state of the several matters therein contained.

Correct. Attest:

J. W. WORK, Cashier.

THOMAS DANA,
HENRY F. WOODS,
JONAS H. FRENCH,
Directors

STATE OF MASSACHUSETTS, County of Suffolk,

Sworn to and subscribed before me this 24th day of July, 1890.

[SEAL.]

L. VERNON BRIGGS, Notary Public.

Must be acknowledged before an officer using an official seal. See act approved Feb. 28, 1881.

FAILED NATIONAL BANKS.

[Fill all schedules, writing in the word "none" wherever no amount is to be entered.]

SCHEDULES.

Loans and discounts.

On demand on U. S. bonds.....	None.
" " " " stocks, bonds, and other personal securities.....	\$3,232,653.94
On time, paper with two or more individual or firm names.....	\$2,297,907.83
" " " " single-name paper (one person or firm) without other security.....	\$1,021,996.63
" " " " secured by stocks, bonds, and other personal securities.....	\$ 482,952.06
" " " " on mortgages or other real estate security (see schedule).....	\$ 193,828.00
Total.....	\$7,229,334.88

Included in the above are—		
Bad debts, as defined in section 5204, Rev. Stat.	None.	} Enter the amount in each of these three items or write in the word "none" if there is no amount to enter.
Other suspended and overdue paper.....	\$36,234.30	
Liabilities of directors (individual and firm) as payers.....	\$132,921.82	

Loans exceeding the limit prescribed by section 5200 of the Revised Statutes, including amounts which exceed this limit due from State and private banks and bankers.

D. M. Sabin.....	\$70,000.00	J. N. Bullard.....	\$47,755.87
H. M. Whitney.....	90,766.73	West End Street Railway.....	50,000.00
J. N. Whipple.....	90,000.00	J. T. Anderson.....	50,055.00
Wm. B. Bacon.....	45,120.00	Henry D. Hyde.....	56,508.93
I. A. Evans & Co.....	80,070.00	Jones, Cook & Co.....	200,000.00
L. O. Ganett.....	40,788.51	J. W. Mackintosh & Co.....	43,000.00
N. W. Jordan.....	65,000.00	Sheldon & Kinney.....	60,000.00
S. S. McGowen.....	80,020.27	Chas. A. Sinclair.....	120,864.17

We will endeavor to have them reduced as they become due.

Stocks, securities, claims, etc.

Enter number shares of stock or face value of bonds.	Name of corporation issuing stock, bonds, etc.	Amount at which carried on books.	Estimated actual market value.	State whether taken for debts previously contracted or otherwise.	
208,000	Atchison, Topeka & Santa F6 R. R., 4s.....		177,488.33	For debt previously contracted.	
5,000	Boston Cab Co. (guaranteed), 6s.....		5,175.00		
43,000	Alberta Lumber Co., 6s.....		43,645.00	For debt previously contracted.	
10,000	Jacksonville, Tampa & Key West Coll. Series, A.....		8,190.00		
7,000	Jacksonville, Tampa & Key West Coll. Series, B.....		4,806.00		
7,560	Champion Machine Co., 5s.....		7,720.25		
209,000	Atlantic & Pacific R. R., 4s.....		167,618.00	For debt previously contracted.	
164,000	Richmond & West Point Terminals, 8s.....		171,532.00		
100,000	Bay State Gas Co., 5s.....		95,350.00	For debt previously contracted.	
7,000	Do. Coupons due Jan'y 1, '91.....		7,000.00		
50,000	Wisconsin Iron Co. bonds.....		40,000.00		
1,000	City of Chicago, Ill., 7s.....		1,106.83		
10,000	Albany, New York, R'y, 5s.....		10,306.66		
9,000	Town of Marblehead, Mass., 4s.....		9,980.00		
1,000	Boston & Maine R. R., 7s.....		1,158.50		
6,000	Burlington & Missouri River R. R., 7s.....		6,681.00		
5,000	Boston & Lowell R. R., 6s.....		5,550.00		
7,000	City of Augusta, Me., 4s.....		7,140.00		
1,000	Carthage, Mo., 6s.....		1,010.00		
25,000	Louisville, R'y., Co., 5s.....		25,000.00		
60,000	Syracuse, N. Y., R'y., 5s.....		60,000.00		
5,000	Mexican Central, 4s.....		3,741.67		
*1,703	Keely Mining Co., Michigan.....		51,090.00		
		914,299.26	910,249.24		

* Shares.

Balances due from or to approved reserve agents.

Enter name and location of bank.	Amount.	Enter name and location of bank.	Amount.
From—		To—	
United States Nat'l Bk., N. Y.....	\$345,783.35	United States Nat'l Bk., N. Y.....	182,633.28
First, N. Y.....	499,423.26	Chase Nat'l Bk., N. Y.....	229,999.45
Chase, N. Y.....	294,358.12	Nat'l Bank of Republic, N. Y.....	70,798.58
Washington, N. Y.....	10,006.03		
Nat'l Bank of Republic, N. Y.....	47,683.80		
	1,197,254.56		483,431.31

Checks and other cash items.

Checks and drafts on banks, &c, in this city		Checks and treasury checks.....	21,299.12
Checks and drafts on other banks....		Also U. S. coupons since collected..	

Average reserve and interest.—Average reserve for last 30 days (in bank and with reserve agents) was 25⁷/₁₆ per cent of deposits and bank balances. The highest rate of interest paid by the bank is 2½ per cent, with a few exceptions.

Overdrafts.

Secured:		Unsecured:	
Standing 12 months or over.....		Standing 12 months or over.....	
" 6 " " ".....		" 6 " " ".....	
" 3 " " ".....		" 3 " " ".....	
" 1 " " ".....		" 1 " " ".....	
Temporary.....		Temporary.....	128.96

Other real estate and mortgages owned.

Describe property, state form of conveyance, and from whom obtained.	Amount at which carried on books.	Amount of prior lien on property, if any.	Estimated actual value of property.	Date when acquired.	State whether taken for "debts previously contracted," or otherwise.
One undivided ¼ of 5,988.51 sq. feet.	57,895.09	None.	57,895 of one interest.	July 7, 1890	Debt previously contracted.
One undivided ¼ of 110 acres.					
Land in Bar Harbor, Me.....					
One undivided ¼ of 90 acres, Tremont, Me.					
One undivided ¼ L. & Land, Mt. Desert.					
One undivided ¼ of 50 acres, Tremont, Me.					

Loans and discounts secured by mortgages or other real estate security.

Describe property, state form of conveyance, and from whom obtained.	Amount at which carried on books.	Amount of prior lien on property, if any.	Estimated actual value of property.	Date when acquired.	State whether taken for "debts previously contracted," or otherwise.
L. M. Child.....	40,000	None.....	60,000	July 9, 1889	Debt previously contracted.
E. O. Glidden.....	10,000	None.....	15,000	July 9, 1889	Do.
W. C. Norcross.....	10,000	None.....	15,000	July 9, 1889	Do.
C. E. Raymond.....	30,000	None.....	40,000	May 21, 1887	Do.
J. T. Squire.....	20,000	None.....	30,000	Oct. 12, 1888	Do.
N. G. Brintnall.....	1,500	None.....	2,500	Jan'y 1, 1889	Do.
Wm. Vogler.....	3,825	None.....	5,000	June 22, 1889	Do.
John F. Curry.....	34,500	None.....	55,000	Jan'y 1, 1890	Do.
Thomas M. Stevens.....	45,000	None.....	75,000	Mar. 1, 1890	Do.

EXHIBIT D.

[Use the blank lines if necessary, but do not erase or change any of the printed items.]

No. of bank 677.

Report of the condition of "The Maverick National Bank" at Boston, in the State of Massachusetts, at the close of business on the 2d day of October, 1890.

DR.

CR.

Resources.	Dollars.	Liabilities.	Dollars.
1. Loans and discounts (see schedule)	7,716,503.99	1. Capital stock paid in.....	400,000.00
2. Overdrafts (see schedule).....	191.46	2. Surplus fund.....	800,000.00
3. U. S. bonds to secure circulation (par value) 50,000 per cents per cents.....	50,000.00	3. Undivided profits.....	199,899.50
4. U. S. bonds to secure deposits (par value) per cents.....	None.	4. Circulating notes received from Comptroller..... \$	
5. U. S. bonds on hand (par value) 36,800 per cents.....	36,800.00	Less amt on hand and in Treasury for redemtion or in trans- sit..... \$	
6. Stocks, securities, claims, etc. (see schedule).....	893,764.50		45,000.00
7. Due from approved reserve agents (see schedule).....	1,284,559.84	5. State bank circulation outstand- ing.....	None.
8. Due from other national banks.....	1,306,721.42		
9. Due from State and private banks and bankers.....	None.	6. Dividends unpaid.....	8,800.00
10. Banking house..... \$ None.	None.	7. Individual deposits subject to check... \$3,911,084.16	
11. Furniture and fixtures. \$ None.	None.	8. Demand certificates of deposit..... \$ 408,277.06	
12. Other real estate and mortgages owned (see schedule).....	57,895.00	9. Time certificates of deposit..... \$ None.	
13. Current expenses and taxes paid.....	1,345.86	10. Certified checks... \$ 234,121.63	
14. Premium on bonds for circulation. \$ None; premium on other U. S. bonds, \$3,575.74.....	8,575.74	11. Cashier's checks outstanding..... \$	4,553,482.85
15. Checks and other cash items (see schedule).....	26,636.84	12. United States deposits.....	None.
16. Exchanges for clearing house.....	557,229.77	13. Deposits of U. S. disbursing offi- cers.....	None.
17. Bills of other banks.....	46,748.00	14. Due to approved reserve agents (see schedule).....	579,395.53
18. Fractional paper currency, nick- els, and cents.....	51.75	15. Due to other national banks.....	4,958,358.06
19. Specie, viz:		16. Due to State and private banks and bankers.....	1,732,052.61
Gold coin..... \$311,945		17. Notes and bills rediscounted.....	None.
Gold Treasury cer- tificates..... \$627,000		18. Bills payable.....	None.
Gold clearing house certificates..... \$ None.			
Silver dollars..... \$ 6,000			
Silver Treasury cer- tificates..... \$ None.			
Fractional silver coin \$ 3,220			
	948,165.00		
20. Legal-tender notes.....	309,550.00		
21. United States certificates of de- posit for legal-tender notes (sec. 5193, Rev. Stat.).....	30,000.00		
22. Redemption fund with U. S. Treasurer (not more than 5 per cent on circulation).....	2,250.00		
23. Due from U. S. Treasurer (other than 5 per cent redemption fund).....	None.		
Total.....	13,276,989.17	Total.....	13,276,989.17

I, J. W. Work, cashier of "The Maverick National Bank, of Boston," do solemnly swear that the above statement is true, to the best of my knowledge and belief, and that the schedules on back of the report have been carefully filled out, and fully and correctly represent the true state of the several matters therein contained.

Correct. Attest:

J. W. WORK, Cashier.

HENRY F. WOODS,
JONAS H. FRENCH,
THOMAS DANA,
Directors.

STATE OF MASSACHUSETTS, County of Suffolk:

Sworn to and subscribed before me this 8th day of October, 1890.

[SEAL.]

L. VERNON BRIGGS, Notary Public.

Must be acknowledged before an officer using an official seal. See act approved Feb. 28, 1881.

[Fill all schedules, writing in the word "none" wherever no amount is to be entered.]

SCHEDULES.

Loans and discounts.

On demand on U. S. bonds	None.
" " " stocks, bonds, and other personal securities	\$3,210,389.17
On time, paper with two or more individual or firm names	\$2,203,839.83
" " single-name paper (one person or firm) without other security	\$1,328,919.81
" " secured by stocks, bonds, and other personal securities	\$ 748,530.88
" " on mortgages or other real estate security (see schedule)	\$ 193,825.00
Total	\$7,716,503.99

Included in the above are—

Bad debts, as defined in section 5204 Rev. Stat.	None.	} Enter the amount in each of these three items, or write in the word "none" if there is no amount to enter.
Other suspended and overdue paper	\$ 34,984.30	
Liabilities of directors (individual and firm) as payers.	\$151,886.12	

Loans exceeding the limit prescribed by section 5200 of the Revised Statutes, including amounts which exceed this limit due from State and private banks and bankers.

Name of borrower.	Enter full amount of loan.	Name of borrower.	Enter full amount of loan.
H. M. Whitney	\$90,766.73	I. R. Bullard	\$48,475.37
J. E. Whipple	75,000.00	West End St. Ry Co	50,080.00
W. B. Bacon	70,120.00	J. F. Anderson	50,055.00
L. O. Garrett	40,788.51	Henry D. Hyle	56,508.93
N. W. Jordan	65,400.00	Jones Cook & Co.	200,000.00
T. S. McGowen	80,020.27	Chas. A. Sinclair	120,864.17
Frank Jones	200,000.00	Moore & Schley	100,000.00
Chas. W. Clark	45,384.63		

Stocks, securities, claims, etc.

Enter number shares of stock or face value of bonds.	Name of corporation issuing stocks, bonds, etc.	Amount at which carried on books.	Estimated actual market value.	State whether taken for debts previously contracted, or otherwise.
208,000	Atchison, Topeka and Santa Fe R. R., 4 per cent.		172,640.00	
5,000	Boston Cal. Co., 6 per cent		5,000.00	For debts previously contracted.
43,000	Alberts Lumber Co., 6		44,290.00	
11,000	Jacksonville, Tampa, and Key West Coll. Trust, Series A.		8,874.00	
6,000	Jacksonville, Tampa, and Key West Coll. Trust, Series B.		3,624.00	
7,560	Champion Machine Co., Springfield, Ohio, 3 per cent.		7,787.90	For debts previously contracted.
209,000	Atlantic and Pacific R. R., 4		158,840.00	
100,000	Bay State Gas Co., 5		92,250.00	
7,000	Bay State Gas Co., coupons due Jan'y 1, 1871.		7,000.00	
50,000	Wisconsin Iron Co., bonds		40,000.00	
* 250	Syracuse Consolidated St. Ry.		7,500.00	
2,000	City of Chicago, Ill., 7 per cent.		2,275.00	
5,000	Town of Marblehead, Mass., 4		5,600.00	
1,000	Boston and Maine R. R., 7		1,117.50	
5,000	Burlington and Missouri R. R., 7		5,700.00	
50,000	Louisville, Kentucky, St. Ry., 5		50,380.00	
2,000	Springfield, Mo., Water Works Co., 6		2,080.00	
35,000	Brockton St. Ry. Co., 4		35,037.50	
1,000	Concord and Claremont Ry., 7		1,088.75	
1,000	Kansas City Board of Education, 10s		1,188.25	
500	Town of Saugus, Mass., 4		509.38	
1,500	St. Cloud (Minn.) Water Works Co., 6		1,515.00	
5,000	Mexican Central R. R., 4s, 4		3,675.00	
164,000	Richmond and West Point Terminals. 6		159,900.00	
* 1,703	Ruby Mining Co., Michigan		51,080.00	For debts previously contracted.
		893,764.50	868,440.28	

* Shares.

Balances due from or to approved reserve agents.

From— Enter name and location of bank.	Amount.	To— Enter name and location of bank.	Amount.
United States Natl. bank, N. Y.	264,768.34	United States Natl. Bk., New York ..	170,039.45
First do do	536,842.74	Natl. Bk. of Republic, do	69,108.38
Southern do do	25,177.42	Chase	336,914.35
Chase do do	411,984.60	Southern	3,333.35
Natl. Bank of Republic, do	35,763.72		
Washington Natl. Bk., N. Y.	10,028.02		
	1,284,550.84		579,395.53

Checks and other cash items.

Checks and drafts on banks, etc., in this city		Checks & Treasury checks, also U. S. coupons, since collected	26,636.84
Checks and drafts on other banks			

Average reserves and interest.—Average reserve for last 30 days (in bank and with reserve agents) was 25.59 per cent of deposits and bank balances. The highest rate of interest paid by the bank is $\frac{3}{4}$ per cent, with a few exceptions.

Overdrafts.

Secured:		Unsecured:	
Standing 12 months or over		Standing 12 months or over	
" 6 " "		" 6 " "	
" 3 " "		" 3 " "	
" 1 " "		" 1 " "	
Temporary		Temporary	191.46

Other real estate and mortgages owned.

Describe property, state form of conveyance, and from whom obtained.	Amount at which carried on books.	Amount of prior lien on property, if any.	Estimated actual value of property.	Date when acquired.	State whether taken for "debts previously contracted," or otherwise.
One undivided $\frac{1}{4}$ of 5,988.51 sq. feet; one undivided $\frac{1}{4}$ of 110 acres in Bar Harbor, Maine; one undivided $\frac{1}{4}$ of 90 acres, Tremont, Me; one undivided $\frac{1}{4}$ lot land, Mt. Desert, Me; one undivided $\frac{1}{4}$ of 50 acres, Tremont, Me.	\$57,895	None ...	\$57,895 of our interest.	July 7, 1890	Debt previously contracted.

Loans and discounts, secured by mortgages or other real estate security.

Describe property, state form of conveyance, and from whom obtained.	Amount at which carried on books.	Amount of prior lien on property, if any.	Estimated actual value of property.	Date when acquired.	State whether taken for "debts previously contracted," or otherwise.
L. M. Child	\$40,000	None ...	\$60,000	July 9, 1890	Debts previously contracted.
E. O. Glidden	10,000	None ...	15,000	July 9, 1890	
W. C. Norcross	10,000	None ...	15,000	July 9, 1890	
C. E. Raymond	30,000	None ...	40,000	May 21, 1887	
J. P. Squire	20,000	None ...	30,000	Oct. 12, 1888	
N. Y. Brintnall	1,500	None ...	2,500	Jan. 1, 1889	
Wm. Vogler	2,825	None ...	5,000	June 22, 1889	
John T. Curry	34,500	None ...	55,000	Jan. 1, 1890	
Thomas M. Stevens	45,000	None ...	75,000	Mar. 1, 1890	
	193,825				

EXHIBIT E.

No. of bank, 677.

[Use the blank lines if necessary, but do not erase or change any of the printed items.]

Report of the condition of "The Maverick National Bank" at Boston, in the State of Massachusetts, at the close of business on the 19th day of December, 1890.

DR.

CR.

Resources.	Dollars.	Liabilities.	Dollars.
1. Loans and discounts (see schedule).....	6,664,576.04	1. Capital stock paid in.....	400,000.00
2. Overdrafts (see schedule).....	155.61	2. Surplus fund.....	800,000.00
3. U. S. bonds to secure circulation (par value) \$50,000 per cents.....	50,000.00	3. Undivided profits.....	218,434.86
4. U. S. bonds to secure deposits (par value) per cents.....	None.	4. Circulating notes received from Comptroller... \$	
5. U. S. bonds on hand (par value) \$1,200 per cents.....	1,200.00	Less am't on hand and in Treasury for redemption or in transit... \$	
6. Stocks, securities, &c. (see schedule).....	955,441.22		45,000.00
7. Due from approved reserve agents (see schedule).....	792,511.20	5. State-bank circulation outstanding.....	None.
8. Due from other national banks.....	1,110,009.67	Premium on U. S. bonds.....	2,848.76
9. Due from State and private banks and bankers.....	None.	6. Dividends unpaid.....	None.
10. Banking house..... \$	None.	7. Individual deposits subject to check.....	\$2,972,557.89
11. Furniture and fixtures..... \$	None.	8. Demand certificates of deposit.....	\$409,824.27
12. Other real estate and mortgages owned (see schedule).....	50,282.23	9. Time certificates of deposit.....	None.
13. Current expenses and taxes paid.....	39,586.23	10. Certified checks.....	\$250,458.26
14. Premium on bonds for circulation, \$—; premium on other U. S. bonds, \$—.....	None.	11. Cashier's checks outstanding.....	None.
15. Checks and other cash items (see schedule).....	29,080.15		3,632,840.42
16. Exchanges for clearing house.....	650,572.50	12. United States deposits.....	None.
17. Bills of other banks.....	32,773.00	13. Deposits of U. S. disbursing officers.....	None.
18. Fractional paper currency, nickels, and cents.....	30.68	14. Due to approved reserve agents (see schedule).....	889,918.65
19. Specie, viz:		15. Due to other national banks.....	4,260,134.26
Gold coin.....	\$10,209.00	16. Due to State and private banks and bankers.....	1,311,990.44
Gold treasury certificates.....	1,020,000.00		
Gold clearing-house certificates.....	None.	17. Notes and bills rediscounted.....	
Silver dollars.....	5,800.00	18. Ac. loan certificates, \$830,000 Less amount on hand.. 75,000	555,000.00
Silver Treasury certificates.....	None.		
Fractional silver coin.....	480.00		
	1,045,489.00		
20. Legal-tender notes.....	186,200.00		
21. United States certificates of deposit for legal-tender notes (sec. 5193, Rev. Stat.).....	None.		
22. Redemption fund with U. S. Treasurer (not more than 5 per cent on circulation).....	2,250.00		
23. Due from U. S. Treasurer (other than 5 per cent redemption fund).....	6,000.00		
Total.....	11,616,167.49	Total.....	11,616,167.49

I, J. W. Work, cashier of "The Maverick Nat'l Bank at Boston," do solemnly swear that the above statement is true, and that the schedules on back of the report fully and correctly represent the true state of the several matters therein contained; to the best of my knowledge and belief.

J. W. WORK, Cashier.

ASA P. POTTER,
HENRY F. WOODS,
THOMAS DANA,
Directors.

Correct.—Attest:

STATE OF MASSACHUSETTS, County of Suffolk:

Sworn to and subscribed before me this 24th day of December, 1890.

[SEAL.]

L. VERNON BRIGGS, Notary Public.

Must be acknowledged before an officer using an official seal. See act approved Feb. 26, 1881.

[Fill all schedules, writing in the word "None" wherever no amount is to be entered.]

SCHEDULES.

Loans and discounts.

On demand, paper with one or more individual or firm names.....	None.
" " secured by stocks, bonds, and other personal securities.....	\$2,785,767.72
On time, paper with two or more individual or firm names.....	2,117,668.12
" " single-name paper (one person or firm) without other security.....	958,941.31
" " secured by stocks, bonds, and other personal securities.....	608,473.89
" " on mortgages or other real estate security (see schedule).....	193,825.00
Total.....	6,664,576.04

Included in the above are—

Bad debts, as defined in section 5204, Rev. Stat.....	None.	} Enter the amount in each of these three items, or write in the word "None" if there is no amount to enter.
Other suspended and overdue paper.....	\$32,862.63	
Liabilities of directors (individual and firm) as payers.....	164,386.12	

Loans exceeding the limit prescribed by section 5200 of the Revised Statutes, including amounts which exceed this limit due from State and private banks and bankers.

Name of borrower.	Enter full amount of loan.	Name of borrower.	Enter full amount of loan.
Jones Cook & Co.....	95,000.00	J. Albert Hosler.....	49,241.00
D. M. Sabin.....	185,000.00	N. Matthews.....	45,000.00
John R. Bullard.....	47,755.37	J. Reed Whipple.....	70,800.00
John W. Candler.....	43,218.00	West End St. Ry Co.....	60,762.00
I. A. Evans & Co.....	135,120.00	N. W. Jordan.....	49,000.00
Florida Commercial Co.....	72,420.00	T. J. McGowen.....	80,020.27
L. O. Garrett.....	40,788.51	Chas. A. Sinclair.....	120,864.17
Chas. W. Clark.....	45,384.63		

Stocks, securities, &c.

[Stocks, bonds, claims, judgments, and similar items should be included under this head.]

Enter number shares of stock or face value of bonds.	Name of corporation issuing stocks, bonds, &c.	Amount at which carried on books.	Estimated actual market value.	State whether taken for debt previously contracted or otherwise.
\$208,000	Atchison, Topeka, Santa F6 R. R. 4 per cent.		168,480.00	
5,000	Boston Cab Co. 6 per cent guaranteed.		5,065.83	For debts previously contracted.
43,000	Alberta Lumber Co. 6 per cent.....		43,494.50	
11,000	Jacksonville, Tampa and Key West, series A, collateral trust.		8,987.00	
6,000	Jacksonville, Tampa and Key West, series B.		3,662.00	
7,160	Champion Machine Co., Springfield, Ohio, 3 per cent.		7,820.00	For debts previously contracted.
208,000	Atlantic and Pacific R. R. 4 per cent...		164,065.00	
100,000	Bay State Gas Co. 5 per cent.....		89,250.00	
50,000	Wisconsin Iron Co. bonds.....		40,000.00	
*250	Syracuse Consolidated St. Ry.....		7,500.00	
2,000	City of Chicago, Ill., 7 per cent.....		2,150.89	
5,000	Burlington, Missouri River R. R. 7 per cent.		5,581.67	
75,000	Louisville, Kentucky, St. Ry. 5 per cent.		75,000.00	
8,000	Springfield, Mo., Water Works Co. 6 per cent.		8,429.34	
19,000	Brookton St. Ry Co. 4½ per cent.....		19,185.25	
5,000	Mexican Central R. R. Co. 4 per cent...		3,600.00	
164,000	Richmond and West Point Terminals, 6 per cent.		153,800.00	
1,000	City of Salem, Mass., 6 per cent.....		1,028.67	
52,000	Ogdensburg R. R. Car Trust bonds.....		52,000.00	
5,000	Metropolitan R. R. 6 per cent.....		5,465.00	
*1,703	Ruby Mining Co., Michigan.....		51,090.00	For debts previously contracted.
		\$955,441.22	915,661.15	

* Shares.

FAILED NATIONAL BANKS.

19

Balances due from or to approved reserve agents.

From— (Enter name and location of bank.)	Amount.	To— (Enter name and location of bank.)	Amount.
United States Natl. Bk., New York....	97, 600. 43	Chase Natl. Bk., N. Y.....	280, 163. 33
First do. do.	888, 228. 65	Southern do.	39, 273. 98
Chase do. do.	304, 297. 74	United States do.	70, 481. 37
Washington do. do.	84. 09	Collection accounts and amounts not yet due	
Southern do. do.	143. 26		
Natl. Bk. of Republic do.	7, 157. 03		
	792, 511. 20		889, 918. 65

Checks and other cash items.

Checks and drafts on banks, &c., in this city.....	\$29, 080. 15
Checks and drafts on other banks.....	

Average reserve and interest.—Average reserve for last 30 days (in bank and with reserve agents) was 20.35 per cent of deposits and bank balances. The highest rate of interest paid by the bank on deposits is $2\frac{1}{2}$ per cent, on money borrowed is $7\frac{3}{4}$ per cent, with a few exceptions on account of loan certificates.

Overdrafts.

Secured:	Unsecured:
Standing 12 months or over.....	Standing 12 months or over.....
" 6 " " ".....	" 6 " " ".....
" 3 " " ".....	" 3 " " ".....
" 1 " " ".....	" 1 " " ".....
Temporary	Temporary
	155. 61

Other real estate and mortgages owned.

Describe property, state form of conveyance, and from whom obtained.	Amount at which carried on books.	Amount of prior lien on property, if any.	Estimated actual value of property.	Date when acquired.	State whether taken for "debts previously contracted," or otherwise.
One undivided $\frac{1}{4}$ of 5,988.51 sq. ft. Do do $\frac{1}{4}$ of 110 acres in Bar Harbor, Me. One undivided $\frac{1}{4}$ of 90 acres in Tremont, Maine. One undivided $\frac{1}{2}$ of lot of land in Mt. Desert, Me. One undivided $\frac{1}{4}$ of 50 acres in Tremont, Me.	50, 282. 23	None.	50, 282. 23	July 7, 1890	} Debt previously contracted.

Loans and discounts secured by mortgages or other real estate security.

Describe property, state form of conveyance, and from whom obtained.	Amount at which carried on books.	Amount of prior lien on property, if any.	Estimated actual value of property.	Date when required.	State whether taken for "debts previously contracted," or otherwise.
L. M. Child.....	40, 000	None.	60, 000	July 9, 1889	} Debt previously contracted.
E. O. Glidden.....	10, 000	None.	15, 000	" 9, "	
N. C. Norcross.....	10, 000	None.	15, 000	" 9, "	
C. E. Raymond.....	30, 000	None.	40, 000	May 21, 1887	
J. P. Squires.....	20, 000	None.	30, 000	Oct. 12, 1888	
N. Y. Brintnall.....	1, 500	None.	2, 500	Jan. 1, 1889	
Wm. Vogler.....	2, 825	None.	5, 000	June 22, 1889	
John T. Curry.....	34, 500	None.	55, 000	Jan. 1, 1890	
Thomas M. Stevens.....	45, 000	None.	75, 000	Mar. 1, 1890	
	193, 825				

EXHIBIT F.

No. of bank, 677.

Use the blank lines if necessary, but do not erase or change any of the printed items.]

Report of the condition of The Maverick National Bank, at Boston, in the State of Massachusetts, at the close of business on the 26 day of February, 1891.

DR.

CR.

Resources.	Dollars:	Liabilities.	Dollars.
1. Loans and discounts (see schedule)	6,542,764.66	1. Capital stock paid in.....	400,000.00
2. Overdrafts (see schedule)	None.	2. Surplus fund	800,000.00
3. U. S. bonds to secure circulation (par value) 50,000 per cents.....	50,000.00	3. Undivided profits	274,507.80
4. U. S. bonds to secure deposits (par value) .per cents.....	None.	4. Circulating notes received from Comptroller	\$45,000
5. U. S. bonds on hand (par value) 15,050 per cents.....	15,050.00	Less am't on hand and in Treasury for redemption or in transit	\$
6. Stocks, securities, &c., (see schedule)	977,104.63		45,000.00
7. Due from approved reserve agents (see schedule).....	1,030,324.62	5. State bank circulation outstanding	None.
8. Due from other national banks ..	949,373.49	6. Dividends unpaid	None.
9. Due from State and private banks and bankers	None.	Premium on U. S. bonds	138.21
10. Banking house	None.	7. Individual deposits subject to check. \$3,235,898.78	
11. Furniture and fixtures	None.	8. Demand certificates of deposit	\$244,051.04
12. Other real estate and mortgages owned (see schedule)	50,282.23	9. Time certificates of deposit	None.
13. Current expenses and taxes paid.	67,652.53	10. Certified checks	\$254,191.06
14. Premium on bonds for circulation, \$	None.	11. Cashier's checks outstanding	None.
15. Checks and other cash items (see schedule)	10,445.91		3,734,140.88
16. Exchanges for clearing house.....	348,961.00	12. United States deposits	None.
17. Bills of other banks	19,058.00	13. Deposits of U. S. disbursing officers	None.
18. Fractional paper currency, nickels and cents	10.72	14. Due to approved revenue agents (see schedule)	133,288.51
19. Specie, viz:		15. Due to other national banks	4,459,640.65
Gold coin	\$17,321	16. Due to State and private banks and bankers	1,341,012.74
Gold Treasury certificates	\$909,000	17. Notes and bills rediscounted....	None.
Gold clearing-house certificates	None.	18. Bills payable	None.
Silver dollars	\$2,000		
Silver Treasury certificates	None.		
Fractional silver coin	\$630		
20. Legal-tender notes	919,951.00		
21. United States certificates of deposit for legal-tender notes (Sec. 5193 Rev. Stat.)	164,500.00		
22. Redemption fund with U. S. Treasurer (not more than 5 per cent on circulation)	40,000.00		
23. Due from U. S. Treasurer (other than 5 per cent redemption fund)	\$2,250.00		
	None.		
Total	11,187,728.79	Total	11,187,728.79

I, J. W. Work, cashier of The Maverick National Bank, of Boston, do solemnly swear that the above statement is true, and that the schedules on back of the report fully and correctly represent the true state of the several matters therein contained; to the best of my knowledge and belief.

Correct. Attest:

J. W. WORK, Cashier.

ARA P. POTTER,
JONAS H. FRENCH,
HENRY F. WOODS,
Directors.

STATE OF MASSACHUSETTS,
County of Suffolk:

Sworn to and subscribed before me this fourth day of March, 1891.

[SEAL.]

LLOYD BRIGGS,
Notary Public.

Must be acknowledged before an officer using an official seal. See act approved Feb. 26, 1881.

[Fill all schedules, writing in the word "none" wherever no amount is to be entered.]

SCHEDULES.

Loans and discounts.

On demand, paper with one or more individual or firm names.....	None.
" " secured by stocks, bonds, and other personal securities.....	\$2,890,488.15
Or time, paper with two or more individual or firm names.....	\$2,052,533.37
" " single-name paper (one person or firm) without other security.....	\$ 733,698.19
" " secured by stocks, bonds, and other personal securities.....	\$ 732,774.95
" " on mortgages or other real-estate security (see schedule).....	\$ 198,325.00
Total	\$6,542,764.66

Included in the above are:
 Bad debts, as defined in section 5204, Rev. Stat..... None. } Enter the amount in each of
 Other suspended and overdue paper..... \$ 45,588.96 } these three items, or write in
 Liabilities of directors (individual and firm) as payers..\$184,607.67 } the word "none" if there is
 no amount to enter.

Loans exceeding the limit prescribed by section 5800 of the Revised Statutes, including amounts which exceed this limit due from State and private banks and bankers.

Jones, Cook & Co.....	95,000.00	N. Matthews.....	45,000.00
D. M. Sabin.....	202,500.00	J. Reed Whipple.....	70,000.00
John P. Bullard.....	47,765.87	N. W. Jordan.....	49,000.00
John W. Candler.....	43,218.31	T. McGowan.....	80,020.27
I. A. Evans & Co.....	133,470.00	C. A. Sinclair.....	120,864.17
Florida Commercial Co.....	72,420.00	Thos. Dana.....	60,369.00
L. O. Garrett.....	41,788.51	J. H. French.....	58,083.33
Chas. W. Clark.....	45,384.63	L. P. Hollander & Co.....	50,000.00
J. Albert Hasler.....	49,241.76		

Stocks, securities, etc.

[Stocks, bonds, claims, judgments, and similar items should be included under this head.]

Enter number shares of stock or face value of bonds.	Name of corporation issuing stock, bonds, etc.	Amount of which carried on books.	Estimated actual market value.	State whether for "debt previously contracted," or otherwise.
\$208,000.00	Atchison, Topeka & Santa F& R. R., 4 per cent.		161,580.33	
5,000	Boston Cab Co., "Gnaranteed," 6 per cent.		5,120.83	For debt previously contracted.
43,000	Alberta Lumber Co., 6.....		43,974.63	
11,000	Jacksonville, Tampa & Key West, Series A. Call 6 1/2.		8,839.75	
6,000	do		6,016.67	
7,500	Amos Whitley & Co., 1st mtge. Springfield, O., 5s.		7,819.79	For debt previously contracted.
209,000	Atlantic & Pacific R. R., 4 per cent.		152,570.00	
100,000	Bay State Gas Co., 5s		88,735.90	
50,000	Wisconsin Iron Co. bonds, 6.....		40,000.00	
*212	Syracuse Consolidated St. Ry		6,360.00	
2,000	City of Chicago, Ill., 7s		2,161.78	
100,000	Louisville, Ky., St. Ry		100,777.78	
†135	do		10,800.00	
‡265	do		10,950.00	
9,000	Springfield, Mo., Water Works Co., 6.....		9,219.00	
13,000	Breckton St. Ry Co., 4 1/2.....		13,237.25	
5,000	Mexican Central R. R., 4.....		5,030.56	
165,000	Richmond & West Point Terminals, 6s.		165,715.00	
49,000	Ordensburg R. R. Co. Car Trust, 6s		49,457.33	
15,000	Topeka, Kans., 5s		15,965.42	
16,000	Penobscot Shore Line R. R., 4.....		16,102.89	
*1,703	Ruby Mining Co., Michigan.....		51,090.00	For debt previously contracted.
		\$977,104.63	971,373.91	

* Shares,
 † Shares preferred.
 ‡ Shares common.

FAILED NATIONAL BANKS.

Balances due from or to approved reserve agents.

From—		To—	
Enter name and location of bank.	Amount.	Enter name and location of bank.	Amount.
United States Nat'l B'k, New York....	179,270.61	United States Nat'l B'k, N. Y.....	66,848.84
First do do ..	522,529.98	Southern do	15,977.55
Chase do do ..	254,291.42	Chase do	46,283.17
Southern do do ..	143.26	Nat'l B'k of Republic do	4,183.95
Nat'l Bank of Republic, do ..	74,089.25		
	1,030,334.52		133,288.51

Checks and other cash items.

Checks and drafts on banks, &c., in this city		Checks and Treasury checks, also U. S. coupons, since collected	10,445.91
Checks and drafts on other banks			

Average reserve and interest.—Average reserve for last 30 days (in bank and with reserve agents) was 24 $\frac{1}{2}$ per cent of deposits and bank balances. The highest rate of interest paid by the bank on deposits is 2 $\frac{1}{2}$ per cent, on money borrowed is 4 to 6 per cent, with a few exceptions at 3 per cent.

Overdrafts.

Secured:	Unsecured:
Standing 12 months or over	Standing 12 months or over
" 6 " "	" 6 " "
" 3 " "	" 3 " "
" 1 " "	" 1 " "
Temporary	Temporary

Other real estate and mortgages owned.

Describe property, state form of conveyance, and from whom obtained.	Amount at which carried on books.	Amount of prior lien on property, if any.	Estimated actual value of property.	Date when acquired.	State whether taken for "debts previously contracted" or otherwise.
One undivided } of 5,988 $\frac{1}{100}$ ft. Do. do. } of 110 acres in Bar Harbor, Me.	50,232.23	None	{ Of one in- terest. \$57,895 }	July 7, 1890	{ For debt pre- viously con- tracted.
One undivided } of 90 acres " " } of 50 acres, Tremont, Me.					
" " } of lot of land in Mt. Desert, Me.					

Loans and discounts, secured by mortgages or other real estate security.

Describe property, state form of conveyance and from whom obtained.	Amount at which carried on books.	Amount of prior lien on property, if any.	Estimated actual value of property.	Date when acquired.	State whether taken for "debts previously contracted" or otherwise.
L. M. Child	40,000.00	None	60,000	July 9, 1889	{ Debts previously contracted.
E. O. Glidden	10,000.00	None	15,000	" 9, "	
W. C. Norcross	10,000.00	None	15,000	" 9, "	
C. E. Raymond	30,000.00	None	40,000	Mar. 21, 1887	
J. P. Squire	20,000.00	None	30,000	Oct. 12, 1888	
N. Y. Brintnall	1,000.00	None	2,500	Jan. 1, 1889	
Wm. Vogler	2,825.00	None	5,000	June 22, 1889	
John T. Curry	34,500.00	None	55,000	Jan. 1, 1890	
Thomas W. Stevens	45,000.00	None	75,000	Mar. 1, 1890	
	193,325.00				

EXHIBIT G.

No. of bank, 677.

(Use the blank lines if necessary, but do not erase or change any of the printed items.)

Report of the condition of "The Maverick National Bank," at Boston, in the State of Massachusetts, at the close of business on the 4th day of May, 1891.

Dr.		Cr.	
Resources.	Dollars.	Liabilities.	Dollars.
1. Loans and discounts (see schedule).....	7,068,551.73	1. Capital stock paid in.....	400,000.00
2. Overdrafts (see schedule) since made good.....	1,064.69	2. Surplus fund.....	800,000.00
3. U. S. bonds to secure circulation (par value) \$50,000—per cents—per cents.....	50,000.00	3. Undivided profits.....	187,609.87
4. U. S. bonds to secure deposits (par value)—per cents.....	None.	4. Circulating notes received from Comptroller...\$	
5. U. S. bonds on hand (par value) \$42,050—per cents.....	42,050.00	Less am't on hand and in Treasury for redemption or in transit....	45,000.00
6. Stocks, securities, etc. (see schedule).....	923,044.75	5. State bank circulation outstanding.....	None.
7. Due from approved reserve agents (see schedule).....	1,165,971.66	Premium on U. S. bonds.....	868.45
8. Due from other national banks.....	923,242.05	6. Dividends unpaid.....	60.00
9. Due from State and private banks and bankers.....	None.	7. Individual deposits subject to check \$3,106,081.65	
10. Banking house.....	None.	8. Demand certificates of deposit.....	281,950.76
11. Furniture and fixtures.....	None.	9. Time certificates of deposit.....	None.
12. Other real estate and mortgages owned (see schedule).....	49,982.23	10. Certified checks.....	218,009.69
13. Current expenses and taxes paid.....	10,067.81	11. Cashier's checks outstanding.....	None.
14. Premium on bonds for circulation, \$— Premium on other U. S. bonds, \$—	None.	12. United States deposits.....	None.
15. Checks and other cash items (see schedule).....	25,355.40	13. Deposits of U. S. disbursing officers.....	None.
16. Exchanges for clearing house.....	278,239.04	14. Due to approved reserve agents (see schedule).....	609,018.70
17. Bills of other banks.....	19,096.00	15. Due to other national banks.....	4,591,552.71
18. Fractional paper currency, nickels, and cents.....	11.82	16. Due to State and private banks and bankers.....	1,401,045.35
19. Specie, viz:		17. Notes and bills rediscounted.....	None.
Gold coin.....\$22,627		18. Bills payable.....	None.
Gold treasury certificates.....896,000		19. Liabilities other than those above stated.....	None.
Gold clearing-house certificates.....None.			
Silver dollars.....3,000			
Silver Treasury certificates.....None.			
Fractional silver coin.....988			
	922,615.00		
20. Legal-tender notes.....	154,650.00		
21. United States certificates of deposit for legal-tender notes (sec. 5193, Rev. Stat.).....	None.		
22. Redemption fund with U. S. Treasurer (not more than 5 per cent on circulation).....	2,250.00		
23. Due from U. S. Treasurer (other than 5 per cent redemption fund).....	None.		
Total	11,641,192.18	Total	11,641,192.18

I, J. W. Work, cashier of "The Maverick National Bank," Boston, do solemnly swear that the above statement is true, and that the schedules on back of the report fully and correctly represent the true state of the several matters therein contained, to the best of my knowledge and belief.

Correct. Attest:

J. W. WORK, Cashier.

ASA P. POTTER,
HENRY F. WOODS,
JONAS H. FRENCH,
Directors.

STATE OF MASSACHUSETTS, County of Suffolk:

Sworn to and subscribed before me this 8th day of May, 1891.

[SEAL.]

L. VERNON BRIGGS, Notary Public.

Must be acknowledged before an officer using an official seal. See act approved Feb. 26, 1881.

FAILED NATIONAL BANKS.

[Fill all schedules, writing in the word "None" wherever no amount is to be entered.]

SCHEDULES.

Loans and discounts.

On demand, paper with one or more individual or firm names	\$	None.
" " secured by stocks, bonds, and other personal securities	\$	33,087,497.25
On time, paper with two or more individual or firm names	\$	2,193,856.91
" " single-name paper (one person or firm) without other security	\$	1,065,037.37
" " secured by stocks, bonds, and other personal securities	\$	529,835.20
" " on mortgages or other real-estate security (see schedule.)	\$	193,325.00
Total		\$7,008,561.73

Included in the above are—

Bad debts, as defined in section 5204, Rev. Stat.	\$	None.
Other suspended and overdue paper	\$	40,147.86
Liabilities of directors (individual and firm) as payers	\$	181,370.16

Enter the amount in each of these three items, or write in the word "None" if there is no amount to enter.

Loans exceeding the limit prescribed by section 5200 of the Revised Statutes, including amounts which exceed this limit due from State and private banks and bankers.

Name of borrower.	Enter full amount of loan.	Name of borrower.	Enter full amount of loan.
Janes Cook & Co	\$107,000.00	N. Matthews	\$50,000.00
D. M. Sabin	177,848.00	J. Rex & Whipple	65,000.00
John R. Bullard	47,755.37	N. W. Jordan	49,000.00
John W. Candler	43,218.73	T. J. McGowan	86,020.27
J. A. Evans & Co	130,670.00	C. A. Sinclair	180,864.17
Florida Com'l Co	72,420.00	L. P. Hollander & Co	50,000.00
L. O. Gavitt	41,788.51	Boston & Maine R. R.	100,000.00
Chas. W. Clark	45,384.63	West End Land Co	100,000.00
J. Albert Hasler	49,241.76	Geo. Wheeland, jr.	49,700.00
Jordan, Marsh & Co	50,000.00		

Stocks, securities, etc.

[Stocks, bonds, claims, judgments, and similar items should be included under this head.]

Enter No. of shares of stock or face value of bonds.	Name of corporation issuing stock, bonds, etc.	Amount at which carried on books.	Estimated actual market value.	State whether for debt previously contracted, or otherwise.
208,000	Atchison, Topeka, Santa Fé R. R., 4 per cent		\$167,185.78	For debt previously contracted.
5,000	Boston Cab Co.		5,028.33	
43,000	Alberta Lumber Co		43,172.00	For debt previously contracted.
11,000	Jacksonville, Tampa & Key West, Series A, coll. trust		8,913.67	
6,000	Jacksonville, Tampa & Key West, Series B, coll. trust		3,669.97	For debt previously contracted.
7,500	Amos Whitely & Co., 1st Mtge. Spps., Ohio, 5s		7,687.50	
209,000	Atlantic & Pacific R. R., 4s		152,570.00	For debt previously contracted.
100,000	Bay State Gas Co., 5s		89,208.33	
50,000	Wisconsin Iron Co. bonds, 6s		40,000.00	For debt previously contracted.
202	Shares Syracuse Consolidated St. Ry		6,060.00	
2,000	City of Chicago, Ill., 7s		2,108.22	For debt previously contracted.
98,000	Louisville, Kentucky, St. Ry., 5s		99,687.78	
*135	Prof. Louisville, Kentucky, St. Ry		10,800.00	For debt previously contracted.
365	Common Louisville, Kentucky, St. Ry		10,950.00	
12,000	Brockton St. Ry. Co., 4½s		12,051.00	For debt previously contracted.
5,000	Mexican Central R. R., 4s		3,693.33	
165,000	Richmond & West Point Terminal bds. 6s		166,740.00	For debt previously contracted.
9,000	Ogdensburg R. R. Car Trust bonds, 6s		9,051.00	
7,000	Topeka, Kansas, 5s		7,575.58	For debt previously contracted.
16,000	Penobscot Shore Line R. R., 4s		16,165.33	
500	District of Columbia, 3.05s		510.33	For debt previously contracted.
1,703	Ruby Mining Co., Michigan		510.90	
		\$923,044.75	913,918.13	

* Shares.

Balances due from or to approved reserve agents.

From— Enter name and location of bank.	Amount.	To— Enter name and location of bank.	Amount.
United States N. Bk., N. Y	154,709.09	United States N. Bk., N. Y	144,195.28
First N. Bk., N. Y	439,129.71	Chase N. Bk., N. Y	408,867.20
Chase N. Bk., N. Y	499,281.58	Natl. Bk. of Republic, N. Y	55,951.16
Natl. Bk. of Republic, N. Y	72,851.28		
	1,163,971.66	Above amounts are for collections remitted for every 5 days, these amounts not yet due.	609,013.70

Checks and other cash items.

Checks and drafts on banks, &co., in this city		Checks, Treasury checks, also U.S. coupons since collected	25,356.40
Checks and drafts on other banks			

Average reserve and interest.—Average reserve for last 30 days (in bank and with reserve agents) was 25.49 per cent of deposits and bank balances. The highest rate of interest paid by the bank on deposits is 2½ per cent; on money borrowed is 4 to 6 per cent, with a few exceptions at 3 per cent.

Overdrafts.

Secured:		Unsecured:	
Standing 12 months or over		Standing 12 months or over	
" 6 " "		" 6 " "	
" 3 " "		" 3 " "	
" 1 " "		" 1 " "	
Temporary		Temporary, since made good	\$1,064.00

Other real estate and mortgages owned.

Describe property, state form of conveyance, and from whom obtained.	Amount at which carried on books.	Amount of prior lien on property, if any.	Estimated actual value of property.	Date when acquired.	State whether taken for "debts previously contracted," or otherwise.
One undivided ¼ of 5,988.51 sq. feet, Bar Harbor, Me	\$49,982.23	None.	\$57,895	July 7, 1890	{ For debt previously taken.
Do. do. ¼ of 110 acres, Tremont, Me.					
Do. do. ¼ of 90 acres " "					
Do. do. ¼ of 50 " "					
Do. do. ¼ of lot of land Mt. Desert, Me.					

Loans and discounts, secured by mortgages or other real-estate security.

Describe property, state form of conveyance, and from whom obtained.	Amount at which carried on books.	Amount of prior lien on property, if any.	Estimated actual value of property.	Date when acquired.	State whether taken for "debts previously contracted," or other- wise.
L. M. Child	\$40,000	None.	\$60,000	July 9, 1889	{ For debt previously contracted.
Do	20,000	None.	30,000	Sept. 4, 1890	
C. E. Raymond	30,000	None.	40,000	Mar. 21, 1887	
J. P. Squire	20,000	None.	30,000	Oct. 12, 1888	
N. Y. Brintall	1,000	None.	2,500	Jan. 1, 1889	
Wm. Vogler	2,825	None.	5,000	June 22, 1889	
John H. Curry	34,500	None.	55,000	Jan. 1, 1890	
Thomas W. Stevens	45,000	None.	75,000	Mar. 1, 1890	
	193,325				

EXHIBIT H.

[Use the blank lines if necessary, but do not erase or change any of the printed items.]

No. of Bank, 677.

Report of the condition of "The Maverick National Bank" at Boston, in the State of Massachusetts, at the close of business on the 9th day of July, 1891.

Dr.		Cr.	
Resources.	Dollars	Liabilities.	Dollars.
1. Loans and discounts (see schedule)	6,276,315.29	1. Capital stock paid in	400,000.00
2. Overdrafts (see schedule)	165.23	2. Surplus fund	800,000.00
3. U. S. bonds to secure circulation (par value) \$50,000 — per cents per cents	50,000.00	3. Undivided profits	202,137.37
4. U. S. bonds to secure deposits (par value) per cents	None.	4. Circulating notes re- ceived from Comp- troller	\$
5. U. S. bonds on hand (par value)	3,050.00	Less am't on hand and in Treasury for redemption or in transit	\$
6. Stocks, securities, etc. (see sched- ule)	845,085.47		45,000.00
7. Due from approved reserve agents (see schedule)	1,378,683.37	5. State bank circulation outstand- ing	None.
8. Due from other national banks	1,320,849.63	Premium on U. S. bonds	1,002.39
9. Due from State and private banks and bankers	None.	6. Dividends unpaid	None.
10. Banking house	None.	7. Individual depos- its subject to check	\$3,319,426.26
11. Furniture and fixtures	None.	8. Demand certifi- cates of deposit	\$ 135,507.59
12. Other real estate and mortgages owned (see schedule)	47,958.35	9. Time certificates of deposit	\$ None.
13. Current expenses and taxes paid	45,947.23	10. Certified checks	\$ 100,227.34
14. Premium on bonds for circulation \$ premiums on other U. S. bonds, \$	None.	11. Cashier's checks outstanding	\$ None.
15. Checks and other cash items (see schedule)	19,393.08		3,563,961.20
16. Exchanges for clearing house	199,420.02	12. United States deposits	None.
17. Bills of other banks	40,008.00	13. Deposits of U. S. disbursing of- ficers	None.
18. Fractional paper currency, nick- els, and cents	13.64	14. Due to approved reserve agents (see schedule)	364,661.35
19. Specie, viz: Gold coin	\$ 38,420.00	15. Due to other national banks	4,591,919.53
Gold Treasury cer- tificates	\$532,000.00	16. Due to State and private banks and bankers	1,477,523.07
Gold clearing- house certificates	None.	17. Notes and bills rediscounted	None.
Silver dollars	\$ 9,000.00	18. Bills payable	None.
Silver Treasury certificates	\$ 30,000.00	19. Liabilities other than those above stated	
Fractional silver coin	\$ 1,795.00		
	611,215.00		
20. Legal-tender notes	478,450.00		
21. United States certificates of de- posit for legal-tender notes (sec. 5193, Rev. Stat.)	130,000.00		
22. Redemption fund with U. S. Treasurer (not more than 5 per cent on circulation)	2,250.00		
23. Due from U. S. Treasurer (other than 5 per cent redemption fund)	None.		
Total	11,446,804.91	Total	11,446,804.91

I, J. W. Work, cashier of "The Maverick National Bank, Boston, Mass.," do solemnly swear that the above statement is true, and that the schedules on back of the report fully and correctly represent the true state of the several matters therein contained, to the best of my knowledge and belief.

Correct. Attest:

J. W. WORK, Cashier.

JONAS H. FRENCH,
HENRY T. WOOD,
ASA P. POTTER,
Directors.

Must be acknowledged before an officer using an official seal. See act approved Feb. 26, 1881.

STATE OF MASSACHUSETTS, County of Suffolk :

Sworn to and subscribed before me this 17th day of July, 1891.

[SEAL.]

L. VERNON BRIGGS, Notary Public.

[Fill all schedules, writing in the word "none" wherever no amount is to be entered.]

SCHEDULES.

Loans and discounts.

On demand, paper with one or more individual or firm names.....	\$ None.
" " secured by stocks, bonds, and other personal securities.....	\$2,736,410.04
On time, paper with two or more individual or firm names.....	\$1,958,304.85
" " single-name paper (one person or firm, without other security).....	\$1,037,323.17
" " secured by stocks, bonds, and other personal securities.....	\$ 390,352.23
" " on mortgages or other real-estate security (see schedule).....	\$ 153,325.00
Total.....	\$ 6,276,815.29

Included in the above are—		
Bad debts, as defined in section 5204, Rev. Stat.	\$ None.	} Enter the amount in each of these three items, or write in the word "none" if there is no amount to enter.
Other suspended and overdue paper.....	\$ 27,781.50	
Liabilities of directors (individual and firm) as payers.....	\$168,470.16	

Loans exceeding the limit prescribed by section 5200 of the Revised Statutes, including amounts which exceed this limit due from State and private banks and bankers.

Name of borrower.	Enter full amount of loan.	Name of borrower.	Enter full amount of loan.
Jones, Cook & Co.....	\$72,000.00	N. Matthews.....	\$50,000.00
D. M. Sabin.....	80,350.01	J. Reed Whipple.....	60,000.00
John R. Bullard.....	47,755.37	N. W. Jordan.....	49,000.00
John W. Candler.....	44,491.15	T. S. McGowen.....	80,020.27
I. A. Evans & Co.....	128,770.00	C. A. Sinclair.....	120,864.17
Florida Com'l Co.....	73,420.00	L. P. Hollander & Co.....	50,000.00
L. O. Garrett.....	41,788.51	Groveland Mills.....	50,000.00
Chas. W. Clark.....	45,384.63	Boston and Maine R. R.....	100,000.00
J. Albert Hosler.....	49,241.76	Geo. Wheatland, jr.....	55,900.00

Stocks, securities, etc.

[Stocks, bonds, claims, judgments, and similar items should be included under this head.]

Enter number of shares of stock and face value of bonds.	Name of corporation issuing stock, bonds, etc.	Amount of which carried on books.	Estimated actual market value.	State whether taken for "debts previously contracted," or otherwise.
\$208,000.00	Aitchinson, Topeka and Santa Fé R. R., 4 per cent.	.....	\$164,504.90	For debt previously contracted.
5,000.00	Boston Cab Co., guaranteed, 6 per cent.	.....	5,081.07	
43,000.00	Alberta Lumber Co., 6 per cent.	.....	43,645.00	For debt previously contracted.
11,000.00	Jacksonville, Tampa and Key West, series A, coll. trust.	.....	8,993.11	
6,000.00	Jacksonville, Tampa and Key West, series B, coll. trust.	.....	3,758.00	For debt previously contracted.
209,000.00	Atlantic and Pacific R. R., 4 per cent.	.....	146,485.79	
86,000.00	Bay State Gas Co., 5 per cent.	.....	73,195.50	For debt previously contracted.
50,000.00	Wisconsin Iron Co. bonds, 6 per cent.	.....	40,000.00	
202.00	Shares Syracuse Consolidated St. Ry.	.....	6,086.00	For debt previously contracted.
2,000.00	City of Chicago, Ill., 7 per cent.	.....	2,063.50	
69,000.00	Louisville, Kentucky, St. Ry., 5 per cent.	.....	69,086.25	For debt previously contracted.
*125	Prefd. Louisville, Kentucky, St. Ry.	.....	10,800.00	
*265	Common do. do.	.....	10,850.00	For debt previously contracted.
9,000.00	Brockton St. Ry. Co., 4½ per cent.	.....	9,111.38	
165,000.00	Richmond, West Point, terminal bonds, 6 per cent.	.....	161,095.00	For debt previously contracted.
4,000.00	Ogdensburg R. R. Co. trusts bonds, 6 per cent.	.....	4,005.33	
500.00	Kansas City, 8 per cent.	.....	578.50	For debt previously contracted.
*1,703.00	Ruby Mining Co., Michigan.	.....	51,090.00	
7,500.00	Amos Whiteley and Co., 1st mtg., Springfield, O., 5 per cent.	.....	7,758.00	For debt previously contracted.
		\$845,085.47	818,261.93	

* Shares.

Overdrafts.

Secured:		Unsecured:	
Standing 12 months or over.....		Standing 12 months or over.....	
" 6 " "		" 6 " "	
" 8 " "		" 8 " "	
" 1 " "		" 1 " "	
Temporary.....		Temporary.....	166.23

Other real estate and mortgages owned.

Describe property, state form of conveyance, and from whom obtained.	Amount at which carried on books.	Amount of prior lien on property, if any.	Estimated actual value of property.	Date when acquired.	State whether taken for "debts previously contracted," or otherwise.
The undivided } of 5,988.51 sq. ft. " " } 110 acres in Bar " " } Harbor, Me.	47,968.35	None.	\$57,895	July 7, 1890.	For debt previously contracted.
" " } of 90 acres					
" " } 50 acres, Fremont, Me.					
" " } at land, Mt. Desert, Me.					

Loans and discounts secured by mortgages or other real estate security.

Describe property, state form of conveyance, and from whom obtained.	Amount at which carried on books.	Amount of prior lien on property, if any.	Estimated actual value of property.	Date when acquired.	State whether taken for "debts previously contracted," or otherwise.
L. M. Child	34,000	None.	60,000	July 9, 1889	Debt previously contracted.
Do	17,000	None.	80,000	Sept. 4, 1890	
J. P. Squire	20,000	None.	39,000	Oct. 12, 1888	
N. Y. Brintnall	1,000	None.	2,500	Jan. 1, 1889	
Wm. Vogler	1,825	None.	5,000	Jun. 22, 1889	
John T. Curry	34,500	None.	55,000	Jan. 1, 1890	
Thomas M. Stevens	45,000	None.	75,000	Mch. 1, 1890	
	153,325				

Balances due from or to approved reserve agents.

From— Enter name and location of bank.	Amount.	To— Enter name and location of bank.	Amount.
United States Nat. B'k, N. Y.	\$148,264.29	United States N. B'k, N. Y.	\$55,360.23
Nat'l Bank of Republic, N. Y.	57,621.49	Nat'l B'k of Republic, N. Y.	21,677.23
First Nat. B'k, N. Y.	821,599.68	Chase Nat. B'k, N. Y.	267,623.89
Chase " " "	351,197.91		
	1,378,683.37		864,661.35

Checks and other cash items.

Checks and drafts on banks, etc., in this city		Checks and Treasury checks, also U. S. coupons since collected	\$19,393.08
Checks and drafts on other banks			

Average reserve and interest.—Average reserve for last 30 days (in bank and with reserve agents) was 25.91+ per cent of deposits and bank balances. The highest rate of interest paid by the bank on deposits is 2½ per cent on money borrowed is 4 to 4½ per cent (with a few exceptions at 3 per cent), on notes and bills rediscounted is — per cent.

EXHIBIT J.

No. of bank, 677.

[Use the blank lines if necessary, but do not erase or change any of the printed items.]

Report of the condition of "The Maverick Nat. Bank" at Boston, in the State of Mass., at the close of business on the 25th day of September, 1891.

Dr.		Cr.	
Resources.	Dollars.	Liabilities.	Dollars.
1. Loans and discounts (see schedule)	6,492,107.59	1. Capital stock paid in	400,000.00
2. Overdrafts (see schedule)	124.08	2. Surplus fund	\$00,000.00
3. U. S. bonds to secure circulation (par value) \$50,000 per cents — per cents	50,000.00	3. Undivided profits	218,861.75
4. U. S. bonds to secure deposits (par value) — per cents	None.	4. Circulating notes received from Comptroller	
5. U. S. bonds on hand (par value) \$10,950 — per cents	10,950.00	Less am't on hand and in Treasury for redemption or in transit	
6. Stocks, securities, etc. (see schedule)	947,993.86		
7. Due from approved reserve agents (see schedule)	966,099.90	5. State-bank circulation outstanding	45,000.00
8. Due from other national banks	1,046,778.23		None.
9. Due from State and private banks and bankers	None.	Premium on U. S. bonds	1,614.86
10. Banking house	None.	6. Dividends unpaid	None.
11. Furniture and fixtures \$35,318.85	35,318.85	7. Individual deposits subject to check	\$3,685,272.62
12. Other real estate and mortgages owned (see schedule)	47,028.61	8. Demand certificates of deposit	\$163,349.06
13. Current expenses and taxes paid	52,550.94	9. Time certificates of deposit	None.
14. Premium on bonds for circulation, \$—; premium on other U. S. bonds, \$—	None.	10. Certified checks	\$498,756.01
15. Checks and other cash items (see schedule)	18,924.77	11. Cashier's checks outstanding	None.
16. Exchange for clearing house	635,518.30	12. United States deposits	4,347,377.60
17. Bills of other banks	50,067.00	13. Deposits of U. S. disbursing officers	None.
18. Fractional paper currency, nickels, and cents	17.21	14. Due to approved reserve agents (see schedule)	111,530.05
19. Specie, viz—		15. Due to other national banks	4,282,777.76
Gold coin	\$ 37,210	16. Due to State and private banks and bankers	1,336,587.23
Gold Treasury certificates	\$567,000	17. Notes and bills rediscounted	None.
Gold clearing-house certificates	None.	18. Bills payable	None.
Silver dollars	\$ 3,000		
Silver Treasury certificates	\$ 9,000	19. Liabilities other than those above stated	
Fractional silver coin	\$ 880		
20. Legal-tender notes	647,070.00		
21. United States certificates of deposit for legal-tender notes (see 5182, Rev. Stat.)	490,950.00		
22. Redemption fund with U. S. Treasurer (not more than 5 per cent on circulation)	50,000.00		
23. Due from U. S. Treasurer (other than 5 per cent redemption fund)	2,250.00		
Total	11,543,749.84	Total	11,543,749.84

I, J. W. Work, cashier of "The Maverick Nat. Bank, Boston, Mass.," do solemnly swear that the above statement is true, and that the schedules on back of the report fully and correctly represent the true state of the several matters therein contained; to the best of my knowledge and belief.

J. W. WORK, Cashier.

ASA P. POTTER,
THOMAS DANA,
JONAS H. FRENCH,
Directors.

Correct. Attest:

STATE OF MASSACHUSETTS, County of Suffolk:

Sworn to and subscribed before me this 30th day of September, 1891.

[SEAL.]

L. VERNON BRIGGS, Notary Public.

Must be acknowledged before an officer using an official seal. See act approved Feb. 26, 1881.

[Fill all schedules, writing in the word "None" wherever no amount is to be entered.]

SCHEDULES.

Loans and discounts.

On demand, paper with one or more individual or firm names.....	\$ 701,109.28
" " secured by stocks, bonds, and other personal securities	\$2,823,468.99
On time, paper with two or more individual or firm names.....	\$1,832,853.30
" " single-name paper (one person or firm) without other security.....	\$ 497,241.07
" " secured by stocks, bonds, and other personal securities.....	\$ 488,859.94
" " on mortgages or other real-estate security (see schedule).....	\$ 148,575.00
Total.....	6,492,107.50

Included in the above are—

Bad debts, as defined in section 5204, Rev. Stats	\$ None.	} Enter the amount in each of these three items, or write in the word "none" if there is no amount to enter.
Other suspended and overdue paper.....	\$ 40,725.75	
Liabilities of directors (individual and firm) as payers.....	\$ 187,117.44	

Loans exceeding the limit prescribed by section 5300 of the Revised Statutes, including amounts which exceed this limit due from State and private banks and bankers.

Name of borrower.	Enter full amount of loan.	Name of borrower.	Enter full amount of loan.
Jones, Cook & Co.....	72,000.00	Thos. S. McGowan	80,020.27
D. M. Sabin	80,350.01	Chas. A. Sinclair	120,864.17
John R. Bullard	47,879.58	L. P. Hollander & Co.....	90,000.00
John W. Candler	43,788.15	Scott F. Bickford.....	80,000.00
I. A. Evans & Co.....	159,782.50	Wm. L. Candler	41,500.00
Florida Com'l Co.....	72,429.00	Cape Ann Granite Co.....	50,000.00
L. O. Garrett	41,758.48	E. N. L. Nichols	57,000.00
J. Albert Haesler.....	49,241.76	Louis Ross	50,000.00
Nathan Matthews.....	60,000.00	C. H. Verner & Co.....	50,000.00
J. Reed Whipple	50,000.00	Joseph Warren	49,218.23
N. W. Jordan.....	49,000.00		

Overdrafts.

Secured:	Unsecured:
Standing 12 months or over.....	Standing 12 months or over.....
" 6 " " "	" 6 " " "
" 3 " " "	" 3 " " "
" 1 " " "	" 1 " " "
Temporary	Temporary, since been made good. \$124.06

Other real estate and mortgages owned.

Describe property, state form of conveyance, and from whom obtained.	Amount at which carried on books.	Amount of prior lien on property, if any.	Estimated actual value of property.	Date when acquired.	State whether taken for "debts previously contracted," or otherwise.
One undivided $\frac{1}{2}$ of 5988.51 sq. ft. Harbor, Me.	} 47,028.61	} None.	} 57,895	} July 7, 1890	} For debt previously contracted.
" " 110 acres in Bar Harbor, Me.					
One undivided $\frac{1}{2}$ of 90 acres. $\frac{1}{2}$ " 50 acres Tremont, Me.					
" " $\frac{1}{2}$ of lot of land Mt. Desert, Me.					

Loans and discounts, secured by mortgages or other real estate security.

Describe property, state form of conveyance, and from whom obtained.	Amount at which carried on books.	Amount of prior lien on property, if any.	Estimated actual value of property.	Date when acquired.	State whether taken for "debts previously contracted," or otherwise.
L. M Child.....	32,000	None.	60,000	July 9, 1889	For debt previously contracted.
Do.....	16,000	None.	30,000	Sept. 4, 1890	
J. P. Squire.....	20,000	None.	30,000	Oct. 12, 1888	
N. Y. Brintnell.....	1,000	None.	2,500	Jan. 1, 1889	
Wm. Volger.....	1,825	None.	5,000	June 23, 1889	
John T. Curry.....	32,750	None.	55,000	Jan. 1, 1890	
Thomas M. Stevens.....	45,000	None.	75,000	Mar. 1, 1890	

Stocks, securities, &c.

[Stocks, bonds, claims, judgments, and similar items should be included under this head.]

Enter number shares of stock of face value of bonds.	Name of corporation issuing stock, bonds, &c.	Amount at which carried on books.	Estimated actual market value.	State whether for debt previously contracted, or otherwise.
312,000.00	Atchison, Tepeka and Santa Fe R. R. 4 per cent.	.....	257,192.00	For debt previously contracted.
5,000.00	Boston Cab Co. Guaranteed .....	.....	5,150.00	
43,000.00	Alberta Lumber Co. 6 per cent .....	.....	44,185.00	
11,000.00	Jacksonville, Tampa and Key West, series A, Coll. Tr.	.....	8,873.33	
6,000.00	Jacksonville, Tampa and Key West, series B, Coll. Tr.	.....	3,640.00	
209,000.00	Atlantic and Pacific R. R. 4 per cent.....	.....	150,227.50	
86,000.00	Bay State Gas Co. 5 per cent.....	.....	77,543.33	
50,000.00	Wisconsin Iron Co. 6 per cent.....	.....	41,200.00	
*202.00	Syracuse Consolidated St. Ry.....	.....	6,060.00	
1,000.00	City of Chicago, Ill., 7 per cent.....	.....	1,101.67	
69,000.00	Louisville, Kentucky, St. Ry. 5 per cent.....	.....	69,115.00	
†135.00	" " ".....	.....	10,800.00	
‡365.00	" " ".....	.....	10,950.00	
3,000.00	Brockton St. Ry. 4½ per cent.....	.....	3,085.25	
165,000.00	Richmond and West Point Terminal bonds 6 per cent.....	.....	145,200.00	
3,000.00	Ogdensburg R. R. Car Trust bonds 6 per cent.....	.....	3,045.00	
*1,703.00	Ruby Mining Co., Michigan.....	.....	51,090.00	For debt previously contracted.
7,500.00	Amos Whiteley & Co., 1st mtg., Springfield, O., 5 per cent.....	.....	7,843.75	" " "
1,000.67	Chelsea, Mass., 6 per cent.....	.....	1,104.00	
8,828.00	Duluth, Minn., 6 per cent.....	.....	8,856.09	
1,000.00	Marblehead, Mass., 4 per cent.....	.....	1,029.33	
7,000.00	Taunton, Mass., 4 per cent.....	.....	7,240.33	
9,200.00	Youngstown, Ohio., 6 per cent.....	.....	9,859.33	
		947,893.86	930,370.91	

*Shares. †Shares pref. ‡Common.

Balances due from or to approved reserve agents.

From— Enter name and location of bank.	Amount.	To— Enter name and location of bank.	Amount.
U. S. Nat. Bank, N. Y.....	153,357.23	U. S. Nat. Bank, N. Y.....	50,412.55
First Nat. " ".....	475,802.66	Chase " " ".....	46,761.29
Chase " " ".....	308,455.77	Nat. Bank of the Republic, N. Y.....	14,356.21
Nat. Bank of Republic, N. Y.....	28,484.64		
	966,099.90		111,530.05

Checks and other cash items.

Checks and drafts on banks, &c., in this city.....		Checks and Treasury checks, also U. S. coupons since collected.....	18,924.77
Checks and drafts on other banks....			

Average reserve and interest.—Average reserve for last 30 days (in bank and with reserve agents) was 27.24 per cent. of deposits and bank balances. The highest rate of interest paid by the bank on deposits is 2½ (with a few exceptions at 3) per cent., on bills payable is none per cent., on notes and bills rediscounted is none per cent.

EXHIBIT K.

[No. of Bank 677.]

Examiner's report of the condition of "The Maverick National Bank, of Boston," located at Boston, in the county of Suffolk, State of Massachusetts, at three o'clock p. m., January 7, 1891. Examination commenced at three o'clock p. m.; examination closed 3 o'clock, p. m., January 26.

ASA P. POTTER, President.

JOSEPH W. WORK, Cashier

Resources.	Dollars.	Liabilities.	Dollars.
1. Loans and discounts (see schedule)	6,783,042.47	1. Capital stock paid in.....	400,000.00
2. Overdrafts, 5 accts. good.....	1,566.36	2. Surplus fund.....	800,000.00
3. U. S. bonds to secure circulat'n (6 per cent) \$40,000 Central Pacific R. R., and \$10,000 Union Pacific R. R.....	50,000.00	3. Other undivided profits, viz— Discount..... \$61,861.54 Exchange..... Interest..... Premiums..... 537.55 Rents..... Profit and loss..... 192,186.83	254,585.92
4. U. S. bonds to secure deposits (per cent).....		4. Due to app'd reserve agents, viz— First Nat'l B'k New York..... \$250,000.00* Chase " " " " 124,323.49 Southern " " " " 17,742.97 United States " " " " 91,647.88	453,714.34
5. U. S. bonds on hand (per cent) \$4,200 4 per cent, \$4,400 4 1/2 per cent, \$6,000 Pacific R. R. 6 per cent.....	14,600.00	5. Due to other national banks.....	4,124,614.94
6. Premium on U. S. bonds.....		6. Due to State banks and bankers.....	1,533,997.98
7. Stocks, securities, claims, etc. (see schedule).....	981,648.23	7. Dividends unpaid.....	
8. Banking house..... \$ Furniture and fixtures.....		8. Individual deposits, viz— Subject to check..... \$2,887,435.22 Demand certifs..... 180,551.77 Time certifs..... Certified checks..... 128,187.29 Letters of credit..... 625.00	3,196,799.28
9. Other real estate and mortgages (see schedule).....	50,262.23	9. United States deposits.....	
10. Due from app'd reserve agents, viz— First National Bank of New York..... \$189,711.32 Chase " " " " 116,468.29 Southern " " " " 143.26 United States..... 35,262.83 Nat. B'k Republico... 3,225.01	344,808.21	10. Deposits of U. S. disbursing officers.....	
11. Due from other national banks.....	857,452.13	11. Circulation received. \$45,000.00 Less on hand and re- t'd.....	45,000.00
12. Due from State banks and bankers.....	246,294.82	12. State bank circulation outstand- ing.....	
13. Exchanges for clearing house.....	537,414.65	13. Notes and bills rediscounted....	
14. Checks on other banks in same place.....	1,666.74	14. Bills payable.....	
15. Bills of other national banks.....	59,155.00	15. Cash over.....	
16. Uncurrent and minor coins \$664. 50 foreign money \$190.10.....	854.69		
17. Cash items.....	16,432.17		
18. Reserve fund in bank, viz— Fractional silver.... \$3,133.20 Silver dollars..... 4,222.00 Silver Tr'y Cert's... 125,828.00 Gold coin..... 19,607.50 Gold Tr'y Cert's... 447,410.00 Legal tender notes... 203,148.00 U. S. cert's of dep.. 10,000.00 C. H. cert's of dep.....	813,248.70		
19. 5 p. c. Red'n Fund with Treas. U. S.....	2,250.00		
20. Other funds with Treas. U. S.....	20,000.00		
21. Current expenses..... \$54,377.13 Taxes paid..... Interest paid..... 3,340.65	57,717.78		
Loans and discounts short.....	88.69		
Sundry banks acc't short.....	35.94		
22. Cash short.....	53.65		
Total.....	10,838,712.46	Total.....	10,838,712.46

*The amount of \$250,000 due to the First National Bank of New York is a loan on open account secured by collaterals consisting of R. R. bonds belonging to this bank. See under "Due to reserve agents, banks and bankers."

Directors.

No. of shares owned.	Names.	Post-office address.	Liability as payers. (Individual or firm.)	Liability as indorsers.	Occupation.
1459	Asa P. Potter	Boston, Mass.	\$38,900.00	\$82,023.70	Director Maine Central R. R., director of the West End Land Co., the West End Street Ry., the Boston and Maine R. R., trustee Boston 5 cent Savings Bank.
23	Joseph W. Work	do	9,925.00	5,000.00	Cashier of the bank only.
42	Thomas Dana	do	50,869.00	274,949.88	Thos. Dana and Co., wholesale grocers.
965	Jonas H. French	do	58,086.33	140,281.43	President Cape Ann Granite Co., director West End Land Co., West End Street Ry., and New York and New England R. R.
60	Henry F. Woods	do	28,833.34		Purchasing agent West End Street Ry.

* Included in the liability of Thos. Dana, and his firm of Thos. Dana & Co., as payer and endorser are notes amounting to \$15,000 made by the firm of Thos. Dana & Co., indorsed by Thos. Dana individually, so that said \$15,000 of notes appear in this schedule under both heads, viz: "as payer" and "as endorser," and of course cover but one indebtedness.

[State also whether records show that directors meet regularly as a board, and how often, and if they examine and approve loans and discounts at such times or not; whether they have active discount and examining committees, or leave management entirely to the officers; whether annual meeting of shareholders was held, and if election of directors was regular; give number of shares represented at such meeting; any vacancy in board should also be noted.]

The directors as a rule meet regularly once a week as a board, and the records state that they approve the loans and discounts. There is no exchange or other committee for making loans and discounts, the bank being managed almost entirely by the president. The annual meeting of the shareholders was held, and the records show that the election of directors was regular. The number of shares recorded as voting at such election was 2,469. No vacancy exists in the board.

Officers.

	Names.	No. of shares owned.	Liability as payers. (Individual or firm.)	Liability as indorsers.	Salary.	Bond (if any).	Other occupation (if any).
President	Asa P. Potter	1,459	\$38,900	\$79,403.70	\$15,000	None	As above.
Vice-President	None					None	None.
Cashier	Joseph W. Work	23	9,925	5,000.00	7,500	\$20,000	None.
Assistant cashier	Charles C. Domett		5,825		3,000	5,000	None.
Teller	Augustus C. Jorda		900	100.00	2,600	10,000	None.
Bookkeeper	William L. Kean				2,200	10,000	None.

[State, so far as you are able, whether the officers are capable, prudent, and of good reputation or not; and whether, in your opinion, their management is efficient and successful or otherwise.]

The officers are capable, and their management is efficient and successful, in so far as it results in large profits. It is questionable whether or not this management can be called prudent, in view of the number of excessive loans made, and the frequent deficiencies of reserve.

There are forty-eight other officers, clerks, and employes in the service of the bank in addition to those described above.

Books and accounts.

[State whether necessary books are used, and if these are correctly kept and properly posted, and how often accounts are balanced and verified.]

The necessary books are used, and errors are of such infrequent occurrence that they may properly be said to be correctly kept. It was found, in verifying the accounts of this bank with the accounts rendered by its reserve agents, that the amount of sundry drafts which this bank has drawn on them in payment of collections made by this bank for some of them, and for other New York banks, had not been properly posted, the entries having been deferred for several days.

RESOURCES.

1. Loans and discounts.

On demand, paper with one or more individual or firm names.....	\$706,431.35
On demand, stocks, bonds, and other personal securities.....	2,463,791.06
On time, paper with two or more individual or firm names.....	1,642,765.23
On time, single-name paper (one person or firm) without other security.....	619,850.57
On time, secured by stocks, bonds, and other personal securities.....	876,486.06
On time, on mortgages or other real-estate security (see schedule).....	473,714.00
Total	\$6,783,042.47

Included in the above are—

Bad debts, as defined in section 5204, Revised Statutes (see remarks below).....	\$146,518.24
Other suspended or overdue paper (see remarks below).....	15,870.00
Liabilities of directors (individual and firm) as payers (see schedule).....	186,607.67

Loans exceeding the limit prescribed by section 5200 of the Revised Statutes, including amounts which exceed this limit due from State and private banks and bankers.

See accompanying list. Not sufficient room to describe them here.

[Describe general character of loans and discounts as to their quality and the value of collaterals securing same, especially excessive loans and others subject to criticism; state whether accommodations are well distributed or not; and if large loans or discounts are made to individuals, firms, or corporations; give list of these, including all loans reaching limit prescribed by section 5200. Loans which exceed this limit should be entered in schedule above, and loans secured by real estate should be fully described in schedule furnished for this purpose.]

The general character of the loans and discounts, and the value of the collaterals appear to be fairly good, and the accommodations appear to be fairly well distributed, with the exception of the numerous excessive loans listed on the accompanying sheets.

The management of the bank is very enterprising, and to both its individual customers and to other banks that keep accounts with it—the number of which is very large—the bank is very useful and accommodating. It is to this spirit of enterprise, and desire to accommodate its customers, that the making of excessive loans and the frequent deficiencies of reserve are, in part at least, to be attributed. The capital stock of the bank is quite small in comparison with its deposits and business.

Suspended or overdue paper, including "bad debts" as defined by section 5204.

[Describe general condition of such paper, and state whether well secured or not, and also what loss, if any, is expected on same.]

The suspended and overdue paper is in process of collection as far as possible, but owing to the death of some of the parties liable on it, whose estates have proved to be less valuable than was expected, settlement is slow, and a large proportion of the paper has come within the category of bad debts as defined by the law, and it is estimated that the loss on both classes of the suspended paper will be from \$100,000 to \$125,000, and possibly more.

2. Overdrafts.

[State whether well secured or not, giving total of each class, and whether habitually granted or not. Overdrafts exceeding limit named in section 5200 should be classed with *excessive loans*, and *unsecured* overdrafts which have remained unchanged for six months longer, with "bad debts" as defined by section 5204. The amount of overdrafts outstanding at date of examination should be verified by the examiner, who should also compare the amount of these as stated in the bank's last report of condition with the amount shown by its books at same date, and report any discrepancy discovered.]

The overdrafts shown by the bank's books at the date of the examination amounted to but \$1,566.36, in five accounts, and were all temporary and good. The bank does not habitually grant overdrafts, but rather discourages the practice, though among so many depositors as it has some few of the accounts are apt to be overdrawn all the time.

In comparing the amount of overdrafts shown by the retained copy of the report of the bank's condition of Dec. 19, 1890, with the overdrafts on the books at that date it was found that two overdrafts—\$271.28 and \$21,467.22 respectively—were not reported as such, as they should have been, but were added to loans and discounts.

8. Banking-house.

[State whether suitable and convenient; for what other purposes used (if any); and if owned by bank whether carried at fair value on books or not; and whether building is insured or not; also whether vault and safe are good and secure, and used by the bank only or not; and whether furniture and fixtures are worth book value or not.]

The banking offices are suitable, convenient, and excellently located. The offices consist of a large room on the first floor and five smaller rooms on the second floor of a building in which are a large number of rooms rented for offices of various kinds.

The bank has leased its rooms for fifteen years from Jan'y 1, 1891, at an annual rental of \$19,000, and a proportion of the municipal taxes on the property.

Burglar-proof safe in an apparently secure vault, which is protected by an electric alarm.

There is no valuation placed on furniture and fixtures among the assets.

10, 11, and 12. Due from reserve agents, banks, and bankers.

[Verify all balances by correspondence on blanks furnished for this purpose, but forward report promptly without awaiting verification. Any discrepancies which may be disclosed should be reported by letter afterwards. If any amounts are represented by certificates of deposit, mention these. Balances with State and private banks and bankers which exceed the limit fixed by section 5200 should be classed with *excessive loans*.]

Balances due from reserve agents, banks, and bankers are in process of verification by correspond-
ence. In reconciling the account of this bank with that rendered by the First National Bank of New
York, a reserve agent, it was found that two drafts—\$48,265.87 and \$26,482.45 respectively—drawn by
this bank on said reserve agent, under date of Jan'y 7th (the day on which the examination was com-
menced), in payment of collections made by this bank for two other New York banks, were not
credited, and the banks whose collections were paid were not debited with the amounts until Jan'y
19th. Amounts represented by certificates of deposit are: \$25,000 due from City Natl. Bk., Holyoke;
\$10,000 due from Keene Natl. Bk.; \$15,000 due from City Natl. Bk., Springfield; \$10,000 due from
Natl. Bk. of White River Junction; \$50,000 due from First Nat. Bk., Worcester; \$25,000 due from
Bank of Commerce, Buffalo; \$25,000 due from Manufacturers and Traders' Bank of Buffalo, and
\$25,000 due from Maine Trust and Banking Co., Gardiner.

17. Cash items.

[State whether regular or not; and if overdue or dishonored paper, expense items or the like are
carried here, briefly describe such items.]

Cash items are regular.

18. Reserve

[State whether reserve (in bank and with agents) is sufficient at date of examination or not; give
average for thirty days preceding that date where practicable, and describe its general condition since
last examination.]

Deficiency of reserve in bank at date of examination.....	\$97,558.80
Do. " rev. agents " " " " " " " " " " " " " " " "	907,582.49

Total deficiency of reserve at date of examination..... 1,005,141.29

The books of the bank show that the average lawful money reserve for the thirty days preceding
this examination was 23.97 per cent of the liabilities, and that the reserve was insufficient on 122 days
since the last examination, June 29, 1889. Information has been received from the cashier that the re-
serve has been made good since the examination.

7. Stocks, securities, claims, etc.

See accompanying list. Not sufficient room to describe them here.

9. Other real estate and mortgages owned.

Describe property, state form of conveyance, and from whom obtained.	Amount at which carried on books.	Amount of prior lien on property, if any.	Estimated actual value of property.	Date when acquired.	State whether taken for "debts previously con- tracted," or otherwise.
Undivided half of sundry parcels of land (on one of which there is stated to be an hotel) in Bar Harbor, Mt. Desert, and vicinity. Mr., and one undivided third of another lot. Hancock Co., Me., conveyed to Jos. W. Work by quit- claim deed, and declar- ation from said Work that he holds the prop- erty for the bank.	\$50,282.23	No prior lien on the Maine property so far as the deeds which are quit-claim deeds show.	The officers of the bank con- sider the ac- tual value of the Maine property to be at least \$50,282.23, and hope to realize more for it.	June 12, 1890	All the real es- tate described was taken for debts previ- ously con- tracted.
Land in Somerville, Mass., conveyed by warranty deed to Jos. W. Work, and by him conveyed to this bank by quit-claim deed.	Nothing...	No prior lien ..	\$5,000	Mar. 19, 1889	

Loans and discounts secured by real estate—mortgages or other liens on realty.

See accompanying lists. Not sufficient room to describe them here.

LIABILITIES.

1. Capital stock.

[In the case of a new bank, ascertain and state whether its capital has been properly paid in, or
whether any shareholder's notes have been taken in payment of capital stock; also whether stock-cer-
tificate book and stock ledger are properly kept or not, and whether stock certificates are signed in
blank or not. Give the number and classes of shareholders in every case, and state whether or not the
bank owns or holds as collateral for loans any shares of its own stock, and, if so, for what purpose
taken, and how long held.]

Stock-certificate book and stock ledger are properly kept. The officers of the bank state very positively that stock certificates are never signed in blank, and no indications that they are so signed appeared. The number of shareholders is 115, consisting of savings banks, an insurance company, administrators, guardians, trustees, women, and other persons. The bank holds 717 shares of its own stock as collaterals for loans, which shares were taken as security for loans not otherwise sufficiently well secured, and they have been held for a period longer than that prescribed in section 5201, U. S. Revised Statutes.

2 and 3. Dividends and surplus (sections 5199 and 5204, U. S. Revised Statutes).

Date of last dividend, Sept. 30, payable Oct. 1, 1890. Amount, \$20,000; 5 per cent carried to surplus, \$200,000, Sept. 30, 1890.

Charged off since last examination: Losses, \$110,953.89; premium, \$44,958.07*; decrease of values \$6,626.66.

[If any reason is known why the bank should not declare a dividend at the end of the current dividend period, state this.]

4, 5, and 6. Due to reserve agents, banks, and bankers.

[Verify all balances by correspondence on blanks furnished for this purpose, but forward report promptly without awaiting verification. Any discrepancies which may be disclosed should be reported by letter afterwards. State whether amounts are due on open account, or on demand or time certificates of deposit, whether secured by collaterals or not, and what rate of interest, if any, is paid.]

Balances due to reserve agents, banks, and bankers are in process of verification by correspondence. All amounts are due on open account, and are not secured by collaterals, with the exception of \$250,000 due to First National Bank of New York, which is a demand loan on open account from said New York bank to this bank secured by collaterals belonging to this bank, consisting of \$200,000, par value, Atlantic and Pacific R. R. guaranteed trust 4 per cent bonds, and \$164,000, par value, Richmond and West Point Terminal R. R. and Warehouse Co. collateral trust 6 per cent bonds.

Interest is paid on balances due to banks and bankers as follows:

On \$3,920,122.68 at 2½ per cent per annum.

On \$250,053.02 at 3 per cent per annum.

On \$100,000 at 6 per cent per annum. This is a special case.

8. Individual deposits.

[State whether interest is paid on these or not, and if so, at what rates and to what extent. Also whether certificates of deposit are issued for the purpose of borrowing money or not, and if so, whether payable on demand or on time and at what rate of interest, and whether secured by collaterals of the bank or not. State whether a proper record of all certificates of deposit issued is regularly kept in a book for that purpose or not. The amount of these certificates outstanding at date of examination should be verified by the examiner, and any discrepancy discovered should be noted in his report.]

Interest is paid on individual deposits as follows:

On \$43,674.24 at 2 per cent per annum; on \$961,131.28 at 2½ per cent per annum; on \$442,764.50 at 3 per cent per annum; on \$55,835.47 at 4 per cent per annum, and on \$35,227.35 at 5 per cent per annum.

Interest is paid on certificates of deposit as follows:

On \$1,000 at 2 per cent, on \$4,900 at 2½ per cent, and on \$33,144.67 at 3 per cent per annum.

Certificates of deposit are not issued expressly for the purpose of borrowing money any further than the payment of interest on such certificates indicates that they are issued for that purpose. None of the certificates of deposit were secured by collaterals of the bank.

A proper record of certificates of deposit issued is regularly kept in a book for that purpose.

13 and 14. Borrowed money.

[State whether bank borrows habitually or not, and if so, in what way, to what extent, and at what rates of interest, and whether secured by collaterals of the bank or not. Where money has been borrowed, state whether this has been duly authorized by the board of directors or not.]

The bank is more frequently than otherwise a borrower from other banks, members of the Clearing House Association, in Boston. No collaterals are given to secure such loans, and the rate of interest paid for them varies from time to time, according to the rate ruling for loans between banks at the clearing house for the time being. The bank was borrowing \$490,000 from ten different Boston national banks in the manner referred to at the date of this examination. The bank is occasionally, but not frequently, a lender in the same way. The bank sometimes borrows from one of its reserve agents, as described under "due to reserve agents, banks, and bankers," on the preceding page. Such loans as those described are not specifically authorized by formal vote of the directors, but the practice is known to, and understood by them, so that the loans may be said to be virtually sanctioned by them.

Recapitulation.

[State, in all cases, briefly, your opinion as to general condition of the bank, and whether its business is prosperous or not. In case of any real or probable impairment of capital, or where it appears from the condition of the bank that dividends should be suspended, recapitulate items showing probable losses, giving amount of each.]

While the general condition of the bank is such that its managers claim that its resources are ample to meet its liabilities to the public, its business is too much extended, and it would be in a better and safer condition if its loans, discounts, and investments should be so reduced as to be commensurate with its legitimate means, and the necessity for frequent borrowing and frequent deficiencies of reserve be thereby avoided.

Very respectfully,

J. W. MAGRUDER,
Examiner.

THE COMPTROLLER OF THE CURRENCY,
Washington, D. C.

* The amount of premium charged off since last examination was realized from the sale of sundry U. S. bonds then held, and from subsequent operations in such bonds, dealing in which constitutes a feature of the bank's business.

EXHIBIT L.

[No. of bank, 677. Date of report, January 7, 1891.]

Loans exceeding the limit prescribed by Sec. 5200, U. S. Revised Statutes.

- \$47,755.37 to John R. Bullard with collateral security.
- \$134,870 } to Irving A. Evans & Co., with collateral security.
- 20,000 } to W. L. Bliss, a member of the firm, endorsed by Irving A. Evans.
- 20,000 } to A. B. Tobey, a member of the firm, endorsed by Irving A. Evans.
- There are three other notes, amounting to \$94,503.82, made by employes of the firm, with collateral security consisting of stocks, etc., payment of which is guaranteed by the firm, and one other note for \$35,000, made by an employe of the firm, secured by a like amount of notes, made by Thoma Dana, endorsed by the firm. Irving A. Evans & Co. are well-known brokers and bankers in this city, and the firm is claimed to be perfectly good.
- \$40,474.85 to Edward J. Jenkins, with collateral security.
- \$85,000 } to Jones, Cook & Co., with collateral security, and endorsed Frank Jones & Co.
- 120,864.17 } to Charles A. Sinclair, a member of the firm, with collateral security.
- There are other notes as follows: \$35,000 made by T. S. McGowen, an employe, with collateral security, and endorsed by C. A. Sinclair; \$45,020.27, made by the same, payment of which is guaranteed by Charles A. Sinclair; \$39,000, made by Henry T. Gould, also an employe, payment of which is guaranteed by Charles A. Sinclair, and \$24,000, made by John W. Weeks, of the firm of Hornblower & Weeks, brokers, payment of which is secured by the endorsement of Charles A. Sinclair. It will be noticed that the amount of the notes made by T. S. McGowen exceeds the limit prescribed to loans. All the notes described above are claimed to be good beyond question.
- \$49,000 to N. W. Jordan with collateral security; \$21,000 of the amount being secured by lien upon real estate as described in the appropriate schedule.
- \$43,049.08 to Charles E. Raymond, with collateral security, but not sufficient to protect the debt. The borrower is dead, and his estate is in process of settlement, and there may be some loss on the debt. There is another note for \$5,000 made by E. H. Pearson, endorsed by Chas. E. Raymond, payment of which is dependent on Raymond's collateral, and dividend from his estate.
- \$182,500 to D. M. Sabin, with collateral security. There are three other notes made by W. W. Kean (\$5,102.50), Fred G. Norris (\$15,755.01), and C. K. Davis (\$10,210), amounting to \$31,067.51, with collateral security, and endorsed by D. M. Sabin, and there are notes amounting to \$20,000 made by D. M. Sabin, endorsed by Thos. Lowry.
- \$43,218.73 to John W. Candler, with collateral security for \$39,700 of the amount, which security consists in part of lien upon real estate as described in the appropriate schedule. The remaining \$3,518.73 is represented by the single-name note of Jno. W. Candler.
- \$40,500 to W. L. Candler, with collateral security.
- \$55,000 to Nathan Matthews, with collateral security consisting of lien upon real estate as described in the appropriate schedule.
- \$60,000 to Linus M. Childs, with collateral security consisting of lien upon real estate as described in the appropriate schedule.
- \$72,420.67 to The Florida Commercial Company, with collateral security consisting in part of lien upon real estate as described in the appropriate schedule.
- \$45,000 to Thos. M. Stevens, with collateral consisting of lien upon real estate as described in the appropriate schedule.
- \$49,241.76 to Albert J. Hosler, with collateral security consisting of lien upon real estate as described in the appropriate schedule.
- \$32,000 } to John Reardon & Sons, \$22,000 with collateral security and \$10,000 single name.
- \$13,730.44 } to Edmund Reardon, a member of the firm, with collateral security.
- \$46,000 to the Boston Fruit Company—single name.
- \$70,000 to J. Reed Whipple—single name.
- \$40,600 to the First National Bank of Helena, Mont., on its time certificate of deposit for \$40,000 and interest, the addition of the interest making the amount due exceed one-tenth of the bank's capital. The matter is treated as a loan, because the amount of \$40,600 was charged to the account of loans and discounts on the books of this bank.

- \$50,000 to the Cape Ann Granite Company, \$40,000 indorsed by Jonas H. French, and \$10,000 guaranteed as to payment by Jonas H. French.
- \$41,788.51 to L. O. Garrett, payment of \$39,288.51 is guaranteed by A. P. Potter, who states that the note for said amount was given to him by Garrett for property, and it may be, therefore, that the loan or debt should not be considered an infraction of the law.
- \$4,000 to H. G. Dillaway & Co.—single name.
- \$39,982.11 to H. G. Dillaway, payment of the note being guaranteed by A. P. Potter.
- \$50,000 to L. P. Hollander & Co.—single name.
- \$60,762.50 to the West End Street Railway Company, \$30,000 single name, and \$30,762.50 endorsed Henry M. Whitney. Indebtedness all paid during this examination.
- \$53,079.28 due from the City Bank of Hartford, Ct., on open account for collection sent to it by this bank. There is due to said Hartford bank a balance of \$47,435.22 on its regular account with this bank.
- \$83,340.12 due from the Connecticut Trust and Safe Deposit Company of Hartford, Ct., on open account for collection sent to it by this bank. There is due to said company a balance of \$36,401.49 on its regular account with this bank.
- \$40,000 } to Thomas Dana & Co. on notes indorsed by various members of the firm.
- \$10,869 } to Thomas Dana, a member of the firm, with collateral security.
- \$51,032.56 } to W. O. Delano, a member of the firm, some with collateral security, some secured by endorsements, and some on single name paper.
- \$40,000 } to W. H. Raymond, a member of the firm, on notes endorsed by the firm.
- \$2,839.09 } to Henry F. Brooks, a member of the firm, on notes endorsed by other member of the firm.
- \$58,080.33 } to Jonas H. French, with collateral security.

LOANS EQUAL TO ONE-TENTH OF THE BANK'S CAPITAL.

- \$40,000 to the National India Rubber Company—single name.
- \$40,000 to Sidney D. Shattuck.
- \$40,000 to Sheldon & Birney—single name.

EXHIBIT M.

[No. of bank, 877. Date of report, January 7, 1891.]

Stocks, securities, claims, &c.

Enter number shares of stock or face value of bonds.	Name of corporation issuing stock, bonds, etc.	Amount at which carried on books.*	Estimated actual market value.	State whether taken for "debts previously contracted," or otherwise, and if interest or dividends are regularly paid, etc.
1,703 shs.....	Ruby Iron Mining Co., Gogebic Co., Mich. Par, \$25.	.....	Issued to settle indebtedness and never placed on the interest.	Taxes for debt its dividends paid.
212 shs.....	Syracuse (N. Y.) Consolidated Street Ry Co. Par, \$100.	.....	Not quoted.	Received at no cost with bonds of the company purchased by the bank and since sold. No dividends yet.
500 shs., \$50,000 bonds.	Wisconsin Iron Company. The bonds on first mortgage 6 per cent gold bonds due May 4, 1910.	.....	\$4,000 for the bonds. Stocks not known.	Purchased for investment. Interest paid on the bonds. No dividends on the stock.
\$208,000.....	Atchison, Topeka & Santa Fe R. R. Co. 4 per cent gen'l mtg. gold bonds, due July 1, 1909.	.....	163,020	Purchased for investment. Interest regularly paid. \$32,500 of the bonds are held by the City Bank of London, Eng., Limited, pro acc't of this bank.

*See note at end of list.

Stocks, securities, claims, etc.—Continued.

Enter number shares of stock or face value of bonds.	Name of corporation issuing stock, bonds, etc.	Amount at which carried on books.	Estimated actual market value.	State whether taken for "debts previously contracted," or otherwise, and if interest or dividends are regularly paid, etc.
\$5,000	Boston Cab Company. 6 per cent bonds, due Ap'l 1, 1894, guaranteed by E. A. Taft.		\$5,000	Taken for debt. Interest regularly paid.
\$43,000	Alberta Lumber Co. Limited, of Winnipeg, Canada. 6 per cent bonds, due Ap'l 10, 1908.		\$43,000	Taken for debt. Interest regularly paid.
\$10,000	Jacksonville, Tampa & Key West R'y Co. 4 per cent collateral trust bonds, series A, due Aug. 1, '98.		\$8,000	Purchased for investment. Interest regularly paid.
\$6,000	Do., series B.		\$3,600	Purchased for investment. Interest regularly paid.
\$180,000	Boston United Gas bonds. Bay State Gas Company of New Jersey. 5 per cent s'k'g fund trust bonds, due Jan'y 1, 1939.		\$68,000	Purchased for investment. Interest regularly paid.
\$5,000	Mexican Central R'y Co., Lim't'd. Consolidated mortgage 4 per cent gold bonds due July 1, 1911.		\$3,650	Purchased for investment. Interest regularly paid.
\$79,000	Odgensburg Co. Trust 6 per cent certificates, series A, due quarterly in various amounts from Ap'l. 1, 1891, Ap'l. 1, 1897.		\$79,000	Purchased for investment. Interest regularly paid.
\$16,000	Penobscot Shore Line R. R. Co. first mtg. 4 per cent bonds, due Aug. 1, 1920. Guaranteed by the Maine Central R. R. Co.		\$12,800	Purchased for investment. First interest coupon due Feb. 1, 1891, and interest expected to be regularly paid.
\$209,000	Atlantic and Pacific R.R. Co. Guaranteed trust 4 per cent bonds, due Jan'y 1, 1897.		\$167,200	Purchased for investment. Interest regularly paid. Held by First Nat'l Bank, New York, as collateral for a loan of \$250,000 to this bank.
\$164,000	Richmond and West Point Terminal R. R. and Warehouse Co. Collateral trust 6 per cent bonds, due Feb'y 1, 1897.		\$163,500	Purchased for investment. Interest regularly paid. Held by First Nat'l Bank, New York, as collateral for the loan of \$250,000 referred to above.
\$7,500	Champion Machine Co., of Springfield, O., 3 per cent bonds, payable in annual instalments of principal and interest on Nov. 1, 1890, Nov. 1, 1891, and Nov. 1, 1892.		Unknown	Taken for debt. Instalment of principal and interest, due Nov. 1, 1890, has not been paid. Two previous instalments were paid at maturity. Plan of settlement has been proposed under which new bonds are to be received, which it is hoped will be good.
\$19,000	Brockton Street Ry. Co., 3d series 4 1/2 per cent bonds, due Ap'l 1, 1910.		\$19,000	Purchased for investment. Interest regularly paid.
\$2,000	City of Chicago, Ill., water loan, 7 per cent bonds, due July 1, 1892.		\$2,300	Purchased for investment. Interest regularly paid.
\$11,000	Springfield, Mo., Water Works Co., first mtg. 6 per cent bonds, due June 30, 1909.		\$11,330	Purchased for investment. Interest regularly paid.
\$5,000	Metropolitan R. R. Co., Boston, 6 per cent bonds, due June 1, 1897.		\$5,425	Purchased for investment. Interest regularly paid.
\$1,000	Jacksonville, Tampa and Key West Ry. Co. collateral trust, series A, 4 per cent bonds, due Aug. 1, 1898.		\$800	Purchased for investment. Interest regularly paid.

Stocks, securities, claims, etc.—Continued.

Enter number shares of stock or face value of bonds.	Name of corporation issuing stock, bonds, etc.	Amount at which carried on books.	Estimated actual market value.	State whether taken for "debts previously contracted," or otherwise, and if interest or dividends are regularly paid, etc.
\$75,000.....	Louisville, Ky., Railway Co. first consolidated mortgage 5 per cent bonds, due July 1, 1930.	-----	\$75,000 and \$21,750 for stock to be received as stated in next column.	Purchased for investment, and the bank is yet to receive 135 shs. of the preferred and 365 shs. of the common stock of the company on account of the purchase. The first interest coupon on the bonds was due Jan'y 1, 1901, and was promptly paid.

NOTE.—There is no specific valuation placed on each of the several items described above in the account of the bank. Their aggregate valuations appear on the books of the bank in two accounts, as follows:

Bond account No. 1.....	8671, 306. 98
Bond account No. 2.....	110, 339. 25
Total as per statement.....	8881, 646. 23

EXHIBIT N.

[No. of bank, 677. Date of report, January 7, 1891.]

Loans and discounts secured by real estate—Mortgages or other liens on realty.

Describe property. State form of conveyance, and from whom obtained.	Amount at which carried on books as debt.	Amount of prior lien on property, if any.	Estimated actual value of property.	Date when acquired.	State whether taken for "debts previously contracted," or otherwise.
Parcel of land partly in Somerville and partly in Medford, Mass. Mortgages to J. W. Work, and mortgages assigned to this bank.	\$500 500	None	\$1,000	Mch. 16, 1889	Taken for debt.
1,730 acres of land in Lee Co., Fla.; 2,230 acres of land in De Soto Co., Fla. Deeds from Florida Commercial Co. to J. W. Work, and quitclaim deed from J. W. Work to this bank.	39,700	None	39,700	Nov. 22, 1888	Taken for debt. The bank also holds some other security, consisting of E. R. stocks and bonds, and a note for \$7,891.11, secured by R. E. bonds.
25,000 acres of land in Lee Co., Fla. Deed from Florida Commercial Co. to Frank E. Smith, and deed from Frank E. Smith to — (no grantee named in deed), held by this bank.	\$27,390. 07 43, 220 2, 610	None	72, 420. 67	Apr. 29, 1890	Taken for debt. The bank also holds some other security, consisting of R. R. bonds.
18,920 acres of land in Manatee Co., Fla.	-----	-----	-----	May 15, 1888	
14,120 acres of land in Lee Co., Fla. Deeds from Florida Commercial Co. to Joseph W. Work, and quitclaim deeds from Joseph W. Work to this bank.	-----	-----	-----	May 15, 1888	

Loans and discounts secured by real estate—Mortgages, etc.—Continued:

Describe property. State form of conveyance, and from whom obtained.	Amount at which carried on books as debt.	Amount of prior lien on property, if any.	Estimated actual value of property.	Date when acquired.	State whether taken for "debts previously contracted," or otherwise.
50,080 acres of land in Florida, which are held by Jacob Edwards, upon his certificate, to secure notes of the Florida Commercial Co., of which notes \$2,610, held by this bank, form a part.					
Parcel of land in Somerville, Mass. Mortgage from Wm. Vogler assigned to this bank.	\$2,825	None.....	\$2,825	Aug. 16, 1899	Taken for debt, or rather for real estate that was acquired for debt.
Land and building on Brookford street, Roxbury, Mass.	\$4,000	None.....	\$4,000	Nov. 22, 1890	Not taken for debt previously contracted. Borrower claimed to be good independent of the security.
Mortgage (and note for \$9,500 secured thereby) from F. R. Bodwell to Edw. Frothingham assigned to this bank.	\$3,000	None.....	\$3,000	Nov. 29, 1890	Not taken for debt previously contracted. Borrower claimed to be good independent of the security.
Land and building on Brookford street, Roxbury, Mass.	\$3,000	None.....	\$3,000	Nov. 29, 1890	Not taken for debt previously contracted. Borrower claimed to be good independent of the security.
Mortgage (and note for \$7,500 secured thereby) from F. R. Bodwell to Edw. Frothingham assigned to this bank.	\$6,200	None.....	\$6,200	Dec. 20, 1890	Not taken for debt previously contracted. Borrower claimed to be good independent of the security.
Land and building thereon on Dean avenue, Dorchester, Mass.	\$6,200	None.....	\$6,200	Dec. 20, 1890	Not taken for debt previously contracted. Borrower claimed to be good independent of the security.
Mortgage (and note for \$4,500 secured thereby) from F. R. Bodwell to Edw. Frothingham assigned to this bank.					
Also, land and building on Brookford street, Roxbury, Mass.					
Mortgage (and note for \$9,500 secured thereby) from F. R. Bodwell to Edw. Frothingham assigned to this bank.	\$10,000	None.....	\$10,000	June 14, 1890	Not taken for debt previously contracted. The names on the note are considered to make it good by the managers of the bank.
Land on Belvidere street, Boston.					
Mortgage (and note for \$17,710 secured thereby) from Wm. Bassett to Nathan Matthews assigned in blank, and held by this bank.	\$8,000	\$17,710	\$8,000	Nov. 6, 1890	Not taken for debt previously contracted. The names on the note are considered to make it good by the managers of the bank.
Land on Belvidere street, Boston.					
Mortgage (and note for \$8,000 secured thereby) from Wm. Bassett to Wm. H. Henderson assigned to this bank.					

Loans and discounts secured by real estate—Mortgages, etc.—Continued.

Describe property. State form of conveyance, and from whom obtained.	Amount at which carried on books as debt.	Amount of prior lien on property, if any.	Estimated actual value of property.	Date when acquired.	State whether taken for "debts previously contracted," or otherwise.
Land and buildings. Commonwealth ave. and Westchester Park, Boston. Mortgages (and notes for \$40,000 secured thereby) from Thos. R. and Henrietta K. White to Nathan Matthews assigned to this bank.	\$20,000 25,000	\$140,000	\$40,000	Oct. 1, 1890	Not taken for debt. The name of the borrower, Nathan Matthews, is claimed to make the debt good.
Land and buildings in Arlington Mass. Mortgage from John P. Squire to Henry F. Woods assigned to this bank.	\$20,000	None.....	\$20,000	Jan. 31, 1889	Not taken for debt previously contracted. The borrower, John P. Squire, is claimed to be perfectly good.
Twenty-four lots of land in Calhoun and Remington Parks, Hennepin County, Minnesota. Mortgages and notes secured thereby, viz: \$4,000 in notes secured by mortgages of lots 5, 6, 7, 8, and 9 in block 59 of Calhoun Park. \$10,500 in notes secured by mortgages of lots 8, 9, 10, and 11 in block 32, lots 10 and 11 in block 41, and lot 7 in block 42, all of Calhoun Park. \$6,400 in notes secured by mortgages of lot 9 in block 29, lots 2-8 and 13 in block 30, lot 7 in block 35, and lots 10, 11, and 12 in block 44, all of Calhoun Park. \$4,300 in notes secured by mortgages of lots 1, 2, 3, and 4 in block 11, first division of Remington Park. Mortgages from Wm. S. King to Joseph W. Work, assigned to this bank. 6,587 square feet of land on Bothnia street, and 3,221 square feet of land on Scotia street, both in Boston. Deed from the Boston Water Power Company to Joseph W. Work, the cashier of the bank.	\$25,000	None.....	\$25,000	July 5, 1890	Not taken for debt previously contracted. The president states that the security was taken at the instance of the borrower.
Lots 1, 2, 3, and 4 in Block No. 2, Broadway addition to Kansas City, Mo. Deed of trust (and notes for \$17,000 secured thereby, being part of notes amounting to \$30,000 in all so secured) between L. V. Harkness and wife of the first part, J. W. Perkins of the second part, and Charles F. Emery of	\$14,327.17 957.60 10,000 3,369.57	None.....	\$12,500*	July 7, 1890	Not taken for debts previously contracted. The indebtedness is claimed to be perfectly good.
Lots 1, 2, 3, and 4 in Block No. 2, Broadway addition to Kansas City, Mo. Deed of trust (and notes for \$17,000 secured thereby, being part of notes amounting to \$30,000 in all so secured) between L. V. Harkness and wife of the first part, J. W. Perkins of the second part, and Charles F. Emery of	21,000	None.....	17,000	Aug. 31, 1889	Not taken for debt previously contracted. The debt is claimed to be perfectly good.

* At assessors' valuation.

Loans and discounts secured by real estate—Mortgages, etc.—Continued.

Describe property. State form of conveyance, and from whom obtained.	Amount at which carried on books as debt.	Amount of prior lien on property, if any.	Estimated actual value of property.	Date when acquired.	State whether taken for "debts previously contracted," or otherwise.
<p>the third part, conveying to the party of the second part the lots described. The deed of trust and notes for \$17,000 mentioned are held by this bank. Deed executed Feb. 28, 1887.</p>					
<p>Six lots, containing 7,668 square feet of land, with an apartment house on each, on Cambria street, Boston. Mortgages from John T. Curry to Joseph W. Work (the cashier of the bank), trustee.</p>	\$34,500	None.....	\$34,500	Jan. 1, 1890	Not taken for debts previously contracted. It is claimed that the indebtedness is perfectly good, and will be paid at maturity in July next.
<p>Six lots of land on Scotia street, Boston, with an apartment house on each lot.</p>	\$60,000	None.....	\$60,000	July 1, 1889	Not taken for debts previously contracted. Indebtedness matures July 1, 1891, and the president states that it will be paid at maturity.
<p>Mortgages from Linus M. Child, and Linus M. Child and wife to Joseph W. Work, trustee.</p>	\$12,500	None.....	\$12,500	Sept. 1, 1882	Not taken for debt previously contracted. Debt claimed to be good.
<p>Two lots of land on Bird street, Dorchester, Mass., containing 32,840 sq. feet. Mortgage (and \$15,500 balance of a note secured thereby) to A. F. Potter, assigned to this bank.</p>	\$45,000	None.....	\$45,000	Aug. 14, 1890	Not taken for debt previously contracted. Debt claimed to be good.
<p>Three lots on Belvidere street, Boston, with an apartment house on each. Mortgages from Thos. M. Stevens and wife to Jos. W. Work, assigned to this bank.</p>	\$49,241.76	\$60,000	\$49,241.76	Aug. 14, 1890	Not taken for debt previously contracted. Debt claimed to be good. Of the prior liens on the property—\$60,000 as stated—the bank holds \$45,000 of such liens as security for the item last described on sheet 6.
<p>Four lots on Belvidere St., Boston, with an apartment house on each. Mortgages (and notes amounting to \$49,241.76 secured thereby) from Thos. M. Stevens and wife to Jos. W. Work, assigned to this bank.</p>					

EXHIBIT O.

[No. of bank, 677; date of report, January 7, 1891.]

Indebtedness of Asa P. Potter and collateral therefor.

Asa P. Potter, promisor.		
Demand on collateral.....		\$38, 900
Asa P. Potter, indorser:		
Demand, L. O. Garrett.....		39, 288. 51
Time, M. R. Ballou.....		36, 938. 20
" Florida Commercial Co., with coll.....		2, 610
" W. W. Cross.....		2, 836. 99
" W. P. Balch.....		250
" Franklin E. Brooks.....		100
Notes guaranteed by A. P. Potter:		
Demand, Wm. A. Connelly.....		39, 000
" Wm. M. Curtis.....		39, 000
" Wm. Ladd Dodge.....		39, 000
" Henry N. Farwell.....		30, 000
" B. F. Gleason.....		39, 000
" H. Kellogg, jr.....		40, 000
" Sylvester Lacy.....		39, 000
" T. M. Mitchell.....		15, 000
" W. F. Morris.....		39, 000
" Joseph Warren.....		40, 000
" Lewis Child.....		39, 000
Time, E. H. Hewins.....		39, 942. 50
" H. G. Dillaway, with collateral.....		39, 982. 11
Demand, W. A. Haskell, with collateral.....		27, 157. 51
" A. Q. Miller, with collateral.....		38, 260
" W. G. Monk, with collateral.....		33, 219. 24
" J. H. Bates, with collateral.....		39, 000
" Scott F. Bickford, with collateral.....		40, 000
" E. M. Bixby, with collateral.....		40, 000
" Frank Q. Brown, with collateral.....		40, 000
" Joseph M. Cox, with collateral.....		40, 000
" C. F. Kellogg, with collateral.....		39, 631. 25
" W. L. Candler, with collateral.....		37, 500
" H. F. Woods, trustee, with collateral (R. E.).....		37, 109. 10
" Henry D. Hyde, with collateral (R. E.).....		3, 369. 57
Notes guaranteed by A. P. Potter and Thos. Dana.		
Demand, Charles W. Clark, with collateral.....		45, 384. 63
" R. P. Waters, with collateral.....		*29, 045
" C. E. Hanscom, with collateral.....		18, 268. 15
" Otis L. Goodwin.....		5, 000
" Joseph C. Greely.....		10, 000
" Thomas Mitchell.....		9, 457. 50
" Roger I. Sherman.....		25, 000
		<hr/>
		\$1, 156, 250. 26
		<hr/>
Notes guaranteed by A. P. Potter and C. A. Sinclair:*		
Demand, Henry T. Goold.....		39, 000
" T. S. McGowan.....		45, 020. 27
Notes guaranteed by A. P. Potter and Jonas H. French:		
Demand, John H. Clark.....		\$35, 895. 86
" E. J. Murphy, with collateral.....		38, 633. 10
Note guaranteed by A. P. Potter & H. D. Hyde:		
Demand A. J. Hosler, with collateral.....		49, 241. 76
		<hr/>
		\$207, 790. 99

*104 Aitch., Topeka and Santa Fe R. R. 4 per cents pledged with these notes.

RECAPITULATION.

\$1,156,250.26
 307,790.99

 1,364,041.25

Collaterals and estimated value thereof:

\$16,800 Jacksonville, Tampa, Key West Ry., Series A	\$13,440
\$13,350 Jacksonville, Tampa, Key West Ry., Series B	8,010
2 m. Algonquin Club, 6 per cent.	2,000
2 m. Country Club, 5 per cent.	2,000
660 sh. Florida Commercial Co	66,000
12 sh. Quincy Market Cold Storage Co.	1,200
75 sh. Aztec Land and Cattle Co.	7,500
35 sh. Boston Cab Co.	3,500
50 sh. Nat. Bank of Commerce, Kansas City	6,000
50 sh. Citizens' Bank, Council Bluffs, Iowa	6,000
50 sh. Industrial Trust Co., Providence	6,000
200 sh. Charles River Embankment Co.	20,000
171 sh. Boston and Maine R. R.	35,055
339 sh. Atch., Topeka and Santa Fe R. R.	10,170
100 sh. Marietta Cattle Co.	10,000
1/2 of equity in 8,256 1/2 sh. Boston and Maine R. R., purchased at 155, worth 205	156,400
A. P. Potter's equity in stock of Boston and Maine R. R., purchased jointly with others, number of shares not given	30,000
11,174 sh. West End Land Co.	245,828
Valuation of 509 shares of the stock of this bank (held as collateral) at \$300 each	152,700
Valuation of equity in 920 shares of the stock of this bank (at \$300 per share), pledged for \$128,100	149,900

\$939,703

Notes claimed to be good, viz:

Florida Commercial Company	2,610
Wm. A. Haskell	27,157.81
H. F. Woods, trustee	37,109.10
Henry D. Hyde	3,369.57
L. O. Garrett	39,288.51
W. W. Cross	2,836.99
F. E. Brooks	100
A. J. Hosler	47,241.76
H. T. Gould, to be paid by C. A. Sinclair	39,000
T. T. McGowan, to be paid by C. A. Sinclair	45,020.27
W. L. Candler	37,500
One-half of the amount of the notes guaranteed by A. P. Potter and Thomas Dana	71,077.64
One-half valuation of 104 m. Atchison, Topeka and Santa Fe R. R. 4 per cent bonds, pledged with three notes guaranteed by A. P. Potter and Thomas Dana	\$41,600
One-half of E. J. Murphy's notes	19,316.55

\$1,346,931.20

Amount dependent upon the name of Asa P. Potter

17,110.05

\$1,364,041.25

To secure this amount Asa P. Potter furnished on Jan'y 26th additional collateral, as follows, viz:

91 sh. West End Street Railway, common, \$50 each, valued at	\$7,644
37 sh. do preferred, \$50 each, valued at	3,168
5 m. Athletic Club Association 5 per cent bonds, valued at	5,000
25 sh. Continental National Bank, St. Louis, Mo., valued at	2,625

\$18,437

*This stock is claimed to be worth, at a fair valuation of the company's assets, \$42 a share, but in computing its value in this statement it is figured at its market price of \$22 a share.

MEMORANDUM.

Asa P. Potter stock in this bank :

Pledged to Cambridge Savings Bank	440 shares	} In the name of A. P. Potter on stock ledger.
" " Boston 5 c. Savings Bank	132 " "	
" " Warren 5 c. Savings Bank	43 " "	
" " Fitchburg Savings Bank	75 " "	
" " Essex Savings Bank	175 " "	
" " F. Dodge, guardian	40 " "	} In name of pledgees on stock ledger.
" " Kate M. Hewins	15 " "	
Total shares pledged	920	} Equity therein pledged to this bank in name of A. P. Potter on stock ledger.
Shares held by this bank	509	
Shares unpledged	30	
Total	1,459	

Indebtedness of Jonas H. French and collateral therefor.

Jonas H. French, promisor :

Demand on collateral	\$8,500
" do	14,602. 12
" do	2,990
" do	7,250
" do	6,750
" do	17,988. 21
	<u>\$58,080. 33</u>

Notes endorsed by Jonas H. French :

Demand, Cape Granite Company	\$10,000
" George F. Evans, with collateral	30,000
" Henry G. French, with collateral	23,360. 59
Jan'y 30, D. T. Mills & Co	4,570. 90
Apl. 22, D. T. Mills & Co	4,530. 60
Mch. 7, Cape Ann Granite Company	10,000
April 18, Cape Ann Granite Company	10,000
May 18, do	10,000
Feb. 9, Geo. E. Craig	37,813. 34
	<u>\$140,281. 43</u>

Notes guaranteed by Jonas H. French :

Demand, Charles C. Boutell	\$39,825
" Henry W. Bennett	39,000
" Burt Emerson	39,750
" Geo. E. Hosler	40,000
" Thomas Marsh	40,000
" Arthur E. Pearson	39,750
" Edward A. Pearson	23,717. 21
" W. H. Pearson	39,850
" E. M. Rawson	39,500
" N. A. Thompson	39,900
" Cape Ann Granite Company	10,000
" George W. Quinn	40,000
	<u>\$431,292. 21</u>

Notes guaranteed by Jonas H. French & A. P. Potter :

Demand, John H. Clark	\$35,895. 86
" E. J. Murphy, with collateral	38,633. 10
	<u>\$74,528. 96</u>

RECAPITULATION.

\$58,080.33
 140,281.43
 431,292.21
 74,528.96

\$704,182.93

Collaterals and estimated value thereof:

15 m. New York and New England R. R. 2d mtge 6 per cent	....	\$15,900
\$12,750 Atch., Topeka and Santa Fe R. R. Inc. 5 per cent	.....	9,945
7,887 sh. West End Land Co.*	.....	173,514
90 sh. San Diego Land Town Co., \$25 each	.....	1,980
50 sh. Southern California R. R. p'fd	.....	750
75 sh. Charles River Embankment Co	.....	7,500
50 sh. New York and New England R. R. p'fd	.....	5,600
947 sh. New York and New England R. R., com	.....	35,986
Estimated conditional value of E. J. Murphy's collateral	.....	19,316.55

Notes claimed to be good, viz:

Cape Ann Granite Company	.....	50,000
H. G. French	.....	23,366.59
George E. Craig	.....	37,813.34
D. T. Mills & Co. (business paper)	.....	9,101.50
One-half of notes guaranteed by Jonas H. French and Asa P. Potter	.....	37,264.48

\$428,037.46

Valuation of 208 shares of the stock of this bank (held as collateral) at \$300 each	.....	62,400
Equity in 745 shares of the stock of this bank, on which various savings banks have loaned to Jonas H. French \$93,000, total valuation at \$300 per share being \$223,500	.....	130,500
Amount dependent on the name of Jonas H. French	.....	83,245.47

\$704,182.93

MEMORANDUM.

Jonas H. French's stock in this bank—

Pledged to Cambridge Savings Bank, in name of J. H. French on stock ledger	.....	307 sh.
Pledged to Fitchburg Savings Bank, in name of J. H. French on stock ledger	.....	75 "
Pledged to Warren 5c Savings Bank, in name of J. H. French on stock ledger	.....	42 "
Pledged to Essex Savings Bank, in pledgee's name	.....	175 "
Pledged to Boston 5c Savings Bank, in pledgee's name	.....	146 "
Held by this bank, in name of J. H. French	.....	208 "
Shares unpledged, in name of J. H. French	.....	12 "

965

Jonas H. French's account on the books of the bank on January 7, 1891, was overdrawn \$1,396.99, and was subsequently made good.

*This stock is claimed to be worth at a fair valuation of the company's assets \$42 a share, but in computing its value in this statement it is figured at its market price of \$22 a share.

Indebtedness of firm of Thomas Dana & Co. and members thereof, and collateral therefor.

Thomas Dana & Co., promisor:	
Demand, endorsed W. O. Delano	\$5, 000
Time, endorsed W. O. Delano	5, 000
Demand, endorsed W. H. Raymond	10, 000
Time, endorsed Thomas Dana	15, 000
" endorsed E. H. Rowe	5, 000
Thomas Dana, promisor:	
Demand on collateral	10, 869
W. O. Delano, promisor:	
Demand, single name	3, 002. 04
" on collateral	2, 030. 52
" endorsed J. W. Work	5, 000
Time, endorsed Thomas Dana & Co.	21, 000
Demand, endorsed Thomas Dana & Co.	20, 000
W. H. Raymond, promisor:	
Demand, endorsed Thomas Dana & Co.	20, 000
Time, endorsed Thomas Dana & Co.	20, 000
H. F. Brooks, promisor:	
Time, endorsed W. O. Delano	839. 09
Demand, endorsed Thomas Dana	2, 000
	<hr/>
	\$144, 740. 65
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Ernest H. Rowe :	
Demand, endorsed Thomas Dana & Co.	35, 000
Time, endorsed Thomas Dana & Co. and Thomas Dana	15, 000
Carrie M. Dunmore :	
Time, endorsed Thomas Dana & Co. and W. H. Raymond	10, 000
" endorsed Thomas Dana & Co. and Thomas Dana	20, 000
Joseph C. Greeley :	
Time, endorsed Thomas Dana and Thomas Dana & Co.	25, 000
A. A. Finneran :	
Time, endorsed W. O. Delano & Thomas Dana & Co.	30, 000
E. H. Pearson :	
Demand, endorsed Thomas Dana	6, 570
Notes guaranteed by Thomas Dana :	
Demand, H. Dana	13, 606. 71
" W. F. Dana, with collateral	10, 329. 83
Notes guaranteed by Thomas Dana and Asa P. Potter :	
Demand, Charles W. Clark, with collateral *	45, 384. 63
" Joseph C. Greeley	10, 000
" Thomas Mitchell	9, 457. 50
" R. P. Waters, with collateral *	29, 045
C. E. Hanscom, with collateral *	18, 268. 15
Demand, O. L. Goodwin	5, 000
R. R. Sherman	25, 000
	<hr/>
	\$307, 661. 82
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Electric Luster Starch Co. (of which company the firm of Thos. Dana & Co. are part owners), endorsed by Thomas Dana & Co.	
Business paper, endorsed Thomas Dana & Co.	\$10, 000
	25, 379. 88
	<hr/>
	\$35, 379. 88
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RECAPITULATION.

\$144, 740. 65

307, 661. 82

35, 379. 88

\$487, 782. 35

* Secured by 104 m. Atch., Topeka and Santa Fe R. R., G. M. 4 per cent bonds.

Collaterals and estimated value thereof:

93 sh. Union Glass Co	\$21,700
100 sh. Sugar Refiners Co	8,000
6 m. Jacksonville, Tampa and Key West R'y, series A	4,800
104 m. Atch., Topeka and Santa Fe R. R., G. M. 4 per cent (one-half valuation)	41,600

Notes claimed to be good, viz:

Firm's notes endorsed by partners	\$10,000
Electric Luster Starch Co., end. by firm	10,000
W. O. Delano, endorsed by firm	\$41,000
W. H. Raymond, endorsed by firm	40,000
Ernest H. Rowe, good by reason of firm's endorsement	50,000
Carrie M. Dunmore, good by reason of firm's endorsement	30,000
Joseph C. Greeley, good by reason of firm's endorsement	25,000
A. A. Finneran, good by reason of firm's endorsement	30,000
H. F. Brooks, \$839.09, end. W. O. Delano; \$2,000, end. T. Dana ..	2,839.09
W. O. Delano, partly secured by Collo., and partly by endorsement	10,032.56
One-half of the amount of the notes guaranteed jointly by Thos. Dana and Asa P. Potter	71,077.64
Business paper endorsed by firm	25,379.88
Amount dependent on name of Thos. Dana	*36,353.18

Total as per recapitulation above

\$487,782.35

*To secure the \$36,353.18 Thomas Dana on Jan'y 23, 1891, gave to this bank a deed from Thomas Dana and wife to Charles F. Kellogg, trustee, executed Jan'y 22, 1891, of 3,486 sq. ft. of land with the residence thereon, being 311 Commonwealth Ave., Boston, subject to a prior lien of \$80,000. Estimated value of the property, \$80,000.

26906—4

EXHIBIT P.

[No. of bank 677.]

Examiner's report of the condition of the Maverick National Bank, located at Boston, in the County of Suffolk, State of Massachusetts, at 3 o'clock p. m., August 18, 1891. Examination commenced at 3 o'clock p. m. Examination closed September 4, at 12 m.

ASA P. POTTER, President.

JOSEPH W. WORK, Cashier.

Resources.	Dollars.	Liabilities.	Dollars.
1. Loans and discounts (see schedule).....	6,530,782.01	1. Capital stock paid in.....	400,000.00
2. Overdrafts, 3 accounts; good.....	94.23	2. Surplus fund.....	800,000.00
3. U. S. bonds to secure circulation (6 per cent), \$40,000 Central Pacific R. R., \$10,000 Union Pacific R. R.....	50,000.00	3. Other undivided profits, viz: Discount..... \$72,009.40 Exchange..... Interest..... 6,143.06 Premiums..... Rents..... Profit and loss..... 176,900.34	255,112.80
4. U. S. bonds to secure deposits.....	65,000.00	4. Due to app'd reserve agents, viz: Chase National Bank, New York \$106,458.30 United States National Bank, New York..... 71,663.70 Nat. B'k of the Republic..... 31,412.91	208,534.81
5. U. S. bonds on hand, \$32,600 4 per cent, \$26,400 4 1/2 per cent, \$1,000 Central Pacific R. R.; \$5,000 Union Pacific R. R. 6 per cent.....	3,902.96	5. Due to other national banks.....	4,304,739.99
6. Premium on U. S. bonds.....	884,413.69	6. Due to State banks and bankers.....	1,477,543.81
7. Stocks, securities, claims, etc. (see schedule).....	30,963.62	7. Dividends unpaid.....	
8. Banking house..... Furniture and fixtures.....	30,963.62	8. Individual deposits, viz: Subject to check \$3,745,641.78 Demand cert'f's..... 202,282.66 Time certificates..... Certified checks..... 313,591.62 Cashier's checks.....	4,261,516.06
9. Other real estate and mortgages (see schedule).....	47,968.36	9. United States deposits.....	
10. Due from approved reserve agents, viz: First National Bank, New York 508,355.01 Chase National Bank, New York 343,396.22 United States National Bank, New York..... 197,554.38 Nat'l Bk. of the Republic, New York..... 72,364.21	1,121,669.82	10. Deposits of U. S. disbursing officers.....	
11. Due from other national banks.....	962,290.81	11. Circulation received..... \$45,000.00 Less on hand and returned.....	45,000.00
12. Due from State banks and bankers.....	123,011.25	12. State bank circulation outstanding.....	
13. Exchanges for clearing house.....	608,040.46	13. Notes and bills rediscounted.....	
14. Checks on other banks in same place.....	858.20	14. Bills payable.....	
15. Bills of other national banks.....	26,535.00	15. Loans and discounts over.....	11.41
16. Uncurrent and minor coins.....	260.84	15. Cash over.....	
17. Cash items.....	5,106.25		
18. Reserve fund in bank, viz: Fractional silver..... \$3,261.25 Silver dollars..... 3,264.00 Silver T'ry cert's..... 54,286.00 Gold coin..... 36,065.00 Gold T'ry cert's..... 438,600.00 Legal-tender notes..... 554,200.00 U. S. cert's of dep..... 160,000.00 C. H. cert's of dep.....	1,251,455.25		
19. 5 per cent red'n fund with Treas U. S.....	2,250.00		
20. Other funds with Treas U. S.....	6,000.00		
21. Current expenses \$41,256.74 Taxes paid..... 225.00 Interest paid.....	41,481.74		
Sundry banks, acc't short.....	100.51		
22. Cash short.....	304.90		
Total.....	11,752,458.88	Total.....	11,752,458.88

Directors.

No. of shares owned	Names.	Post-office address.	Liability as payers (individual or firm), including overdraft.	Liability as indorsers.	Occupation.
1,400	Asa P. Potter	50 Water st., Boston, Mass.	\$29,000.00	\$78,936.71	Director in Maine Central R. R., Boston and Maine R. R., West Side St. Ry. and Land Company, trustee Boston Sc. Savings Bank.
23	Joseph W. Work....	50 Water st., Boston, Mass.	18,175.00	-----	Cashier of the bank.
42	Thomas Dana	45 Commercial st., Boston, Mass.	39,731.50*	259,634.53	Thomas Dana & Co., wholesale grocers.
965	Jonas H. French....	40 Water st., r. 36, Boston, Mass.	49,993.95	156,130.18	Prest. Cape Ann Granite Co., director in West End St. Ry., and N. Y. & N. E. R. R. Co.
60	Henry F. Woods	81 Milk st., Boston, Mass.	28,833.34	1,150.00	Purchasing agent West End Street Ry. Co.

* Includes \$7,500, which is the amount of a note made by the firm of Thomas Dana & Co., endorsed Thomas Dana, which amount is also included in the \$259,634.53 in the endorser column, but which is but one indebtedness.

[State also whether records show that directors meet regularly as a board, and how often, and if they examine and approve loans and discounts at such times or not; whether they have active discount and examining committees, or leave management entirely to the officers; whether annual meeting of shareholders was held, and if election of directors was regular; give number of shares represented at such meeting; any vacancy in board should also be noted.]
 The records of the bank show that the directors meet regularly once a week as a board and that they approved the loans and discounts. There is no exchange or other committee for making loans or discounts, the bank being managed almost entirely by the president. The annual meeting of the shareholders was held, and the records show that the election of the directors was regular. The number of shares recorded as voting at such election was 2,570. No vacancies exist in the board.

Officers.

	Names.	No. of shares owned.	Liability as payers (individual or firm), including overdrafts.	Liability as indorsers.	Salary.	Bond (if any).	Other occupation.
President	Asa P. Potter	1,400	\$29,000	\$78,936.71	\$15,000	None.	As above
Vice-president	None	0	0	0	0	None.	None.
Cashier	Joseph W. Work	23	18,175	0	7,500	\$20,000	None.
Assistant cashier	Chas. C. Domett	0	8,300	0	3,000	5,000	None.
Teller	Augustus C. Jordan	0	900	0	2,600	10,000	None.
Bookkeeper	William L. Kean	0	0	0	2,200	10,000	None.

[State, so far as you are able, whether the officers are capable, prudent, and of good reputation or not, and whether, in your opinion, their management is efficient and successful, or otherwise. Inquire as to official bonds, whether required or not; form of bond required or held, and in whose custody lodged.]

The officers are capable, and their management is efficient in so far as it results in large profits. It is questionable whether or not their management can be considered prudent in view of the number of the excessive loans made.

There are fifty-two other officers and employes of the bank, to whom an aggregate salary of \$46,444 is paid, twenty-two of which furnish official bonds. The form of the bonds is personal except in the case of one of the officers, which is part personal and part a corporation bond. They are all in the custody of the assistant cashier of the bank, excepting his own and that of the cashier, which are in the custody of the president.

Books and accounts.

[State whether necessary books are used, and if these are correctly kept and properly and promptly posted, and how often accounts are balanced and verified.]

The necessary books are used, and appear from the present stage of the examination to be correctly kept and properly and promptly posted. All accounts are balanced daily, are as a rule verified monthly, and accounts with reserve agents are verified twice a month.

RESOURCES.

1. Loans and discounts.

A.—On demand, paper with one or more individual or firm names.....	\$614, 104. 75
B.—On demand, secured by stocks, bonds, and other personal securities.....	2, 832, 450
C.—On time paper with two or more individual or firm names.....	1, 482, 848. 11
D.—On time, single-name paper (one person or firm) without other security.....	526, 568. 74
E.—On time, secured by stocks, bonds, and other personal securities.....	625, 956. 81
F.—On demand and time, on mortgages or other real-estate security (see schedule).....	439, 354. 60

Total.....	6,530, 742. 01
Included in the above are—	
G.—Bad debts, as defined in section 5204, Revised Statutes (see remarks below).....	68, 122. 39
H.—Other suspended or overdue paper (see remarks below).....	108, 017
I.—Liabilities of directors (individual and firm) as payers (see schedule).....	165, 703. 79

Loans exceeding the limit prescribed by section 5200 of the Revised Statutes, including amounts which exceed this limit due from State and private banks and bankers. Overdrafts, if any, to be regarded as loans.

See accompanying list. Not sufficient room to describe them here.

[Describe general character of loans and discounts as to their quality and the value of collaterals securing same, especially excessive loans and others subject to criticism; state whether accommodations are well distributed or not; and if large loans or discounts are made to individuals, firms or corporations, give list of these, including all loans reaching limit prescribed by section 5200. Loans which exceed this limit should be entered in schedule above, and loans secured by real estate should be fully described in schedule furnished for this purpose. If loans are made to other national banks give full information regarding same.]

As regards the loans and discounts which are not excessive, and the collaterals pledged, it can be said that their general character is fairly good, and the accommodation appears to be fairly well distributed. As regards those which are excessive, while the collaterals are in most cases of a fair quality, there are some loans which are not sufficiently protected, although there may be no loss made upon them. Loans reaching the limit prescribed by section 5200, as well as those which exceed the limit, will be found on separate sheets accompanying this report.

The management of the bank is very enterprising, and both to its individual customers and to other banks that keep accounts with it—the number of which is large—the bank is very useful and accommodating. It is to this spirit of enterprise and desire to accommodate its customers that the making of excessive loans are, in part at least, to be attributed. The capital of the bank is small in comparison with its deposits and business. The following loans were found which had been made to national banks, and which were carried on the books of the bank as "Due from other banks," and the amount of which is included in items 11 and 12 of the bank's resources in this report, viz:

\$10,000 to The Palmer National Bank, of Palmer, Mass., on its demand note for \$25,000, less \$15,000, paid.

\$15,000 to The National City Bank of Cambridge, Cambridgeport, Mass., on its demand note. \$30,000 to The Consolidated Nat'l Bank, San Diego, Cal., on its certificate of deposit dated July 11, '91, payable three months from date.

\$10,000 to The Baxter National Bank of Rutland, Vt., on its demand certificate of deposit.

\$45,000 to The First National Bank of Pawtucket, R. I., on two of its demand certificates of deposit, \$15,000 and \$30,000.

Suspended or overdue paper, including "bad debts" as defined by section 5204.

[Describe general condition of such paper, and state whether well secured or not, and also what loss, if any, is expected on same.]

\$25,000 of the amount classified as "overdue paper" has been paid since this examination was commenced, and it is expected that a note for \$25,000, also classified as "overdue" will be arranged for soon. Of the remainder of the two classes of paper, a portion of which is in process of collection, it is estimated that there will be a loss of about \$70,000. Of this amount there was charged off during the progress of this examination \$44,365.75.

2. Overdrafts.

[State whether well secured or not, giving total of each class, and whether habitually granted or not. Overdrafts exceeding limit named in section 5200 should be classed with *excessive loans*, and *unsecured* overdrafts which have remained unchanged for six months or longer, with "bad debts" as defined by section 5204. The amount of overdrafts outstanding at date of examination should be verified by the examiner, who should also compare the amount of these as stated in the bank's last report of condition with the amount shown by its books at same date, and report any discrepancy discovered.]

The overdrafts at the date of this examination amounted to \$44.23, being three in number, all of which were made good, while this examination was being made.

The bank does not habitually grant overdrafts but rather discourages the practice.

In comparing the overdrafts as shown on the books at close of business, July 9, 1891, with the amount as shown on the retained copy of the report of its condition on that date, it was found that the overdrafts as shown by the books amounted to \$52,139.87 while the amount as shown by the retained copy was \$165.23. The amount of the difference appears to have been adjusted with the item of "Deposits subject to check" on the retained copy.

8. *Banking-house.*

[State whether suitable and convenient; for what other purposes used (if any); and if owned by bank, whether carried at fair value on books or not; and whether building is insured or not; also whether vault and safe are good and secure, and used by the bank only or not; and whether furniture and fixtures are worth book-value or not.]

The banking offices are suitable, convenient, and excellently located; they consist of a large banking room on the ground floor, and five smaller rooms on the floor above, in a building in which are a large number of rooms rented for offices of various kinds. The banking room proper has been considerably enlarged, new furniture and fixtures have been put therein, as well as in some of the rooms on the second floor, and a new directors' room furnished; new safes and vaults have also been acquired, and it is owing to these circumstances that the item of "\$30,968.62—Furniture and Fixtures" appears in the statement. The vaults and safes are apparently secure and are used only by the bank.

10, 11, and 12. *Due from reserve agents, banks, and bankers.*

[Verify all balances by correspondence on blanks furnished for this purpose, but forward report promptly without awaiting verification. Any discrepancies which may be disclosed should be reported by letter afterward. If any amounts are represented by certificates of deposit issued by other national banks mention these and state whether they are secured by collaterals or not. Balances with State and private banks and bankers which exceed the limit fixed by section 5200 should be classed with *excessive loans*.]

Balances due from reserve agents, banks, and bankers are in process of verification by correspondence; \$85,000 was found to be due from other national banks which was represented by certificates of deposit, as explained on the preceding page, the certificates, etc., in question were not found to be secured by collateral.

17. *Cash items.*

[State whether regular or not; and if overdue or dishonored paper, expense items, or the like, are carried here, briefly describe such items.]

Cash items are regular.

18. *Reserve.*

[State whether reserve (in bank and with agents) is sufficient at date of examination or not; give average for thirty days preceding that date where practicable, and describe its general condition since last examination.]

Excess of reserve in bank at date of examination	\$212,197.23
Deficiency of reserve with agents at date of examination	125,123.01
Excess in entire reserve held at date of examination	87,074.22

The books of the bank show that the lawful money reserve for the thirty days preceding this examination was 25 $\frac{1}{2}$ per cent of the liabilities, and that the reserve was insufficient on 57 days since the last examination, January 7, 1891.

7. *Stocks, securities, claims, etc.*

See accompanying list. Not sufficient room to describe them here.

9. *Other real estate and mortgages owned.*

Describe property, state form of conveyance, and from whom obtained.	Amount at which carried on books.	Amount of prior lien on property, if any.	Estimated actual value of property.	Date when acquired.	State whether taken for "debts previously contracted," or otherwise.
Undivided half of sundry parcels of land (on one of which there is stated to be an hotel) in Bar Harbor, Mount Desert, and vicinity, Maine, and one undivided third of another lot in Hancock County, Me., conveyed to Joseph W. Work by quitclaim deeds, and declaration from said Work that he holds the property for this bank.	\$47,968.35	No prior lien on the property so far as the deeds, which are quitclaim deeds, show.	The officers of the bank consider the actual value of the property to be equal at the least for the amount for which it is carried, and hope to realize more from it.	June 12, 1890	Taken for debt previously contracted.

Loans and discounts secured by real estate—Mortgages or other liens on realty.

See accompanying list. Not sufficient room to describe them here.

LIABILITIES.

1. Capital stock.

[State whether stock certificate book and stock ledger are properly kept or not, whether sur rendered certificates are properly canceled, and whether stock certificates are signed in blank or not. State also whether or not the bank owns or holds as collateral for loans any shares of its own stock, and, if so, for what purpose taken, and how long held. In the case of a new bank ascertain and state whether its capital has been properly paid in, or whether any shareholders' notes have been taken in payment of capital stock.]

Stock certificate book and stock ledger are properly kept. Surrendered certificates are properly cancelled, and the officers of the bank state that they are never signed in blank; no indications were found during the progress of this examination that certificates were so signed.

The bank does not appear to hold as collateral for loans any shares of its own stock, those held in this manner at the date of the last examination, having (it is stated by the officers of the bank) been withdrawn. The number of stockholders appears from the stock ledger to be 122 and consisted of savings banks, one insurance co., trustees, guardians, administrators, women, and other persons.

2 and 3. Dividends and surplus (sections 5199 and 5204, U. S. Revised Statutes).

Date of last dividend, March 31, 1891. Amount, \$20,000. Surplus, full. Charged off since last examination: Losses, \$31,440.14. Premium, \$0. Decrease of values, \$2,323.88.

[If any reason is known why the bank should not declare a dividend at the end of the current dividend period, state this.]

4, 5, and 6. Due to reserve agents, banks, and bankers.

[Verify all balances by correspondence on blanks furnished for this purpose, but forward r e port promptly without awaiting verification. Any discrepancies which may be disclosed should be reported by letter afterward. State whether amounts are due on open account, or on demand or time certificates of deposit, whether secured by collaterals or not, and what rate of interest, if any, is paid. If money is borrowed from other national banks give full information regarding same.]

Balances due to reserve agents, banks, and bankers are in process of verification by correspondence.

All amounts are due on open account and are not secured by collaterals. \$475,000 was found to be due to ten national banks of this city for money borrowed.

Interest is paid on the above class of liabilities as follows:

On \$4,353,650.40, 2½ per cent per annum.

On \$350,542.03, 3 per cent per annum.

On \$602,302.44, 4 per cent per annum, which amount includes the \$475,000 due to Boston banks above mentioned.

8. Individual deposits.

[State whether interest is paid on these or not, and if so, at what rates and to what extent. Also whether certificates of deposit are issued for the purpose of borrowing money or not, and if so, whether payable on demand or on time and at what rate of interest, and whether secured by collaterals of the bank or not. State whether a proper record of all certificates of deposit issued is regularly kept in a book for that purpose or not. The amount of these certificates outstanding at date of examination, should be verified by the examiner, and any discrepancy discovered should be noted in his report. If certificates of deposit are issued to other national banks give full information regarding same. If bank conducts a "savings" department, state the amount of deposits in same, with rate of interest paid, and inclose with report a specimen of pass-book issued by bank to depositors of this class.]

Interest is paid on individual deposits as follows:

On \$35,228.00, 2 per cent per annum; on \$1,006,555.98, 2½ per cent per annum; on \$076,221.93, 3 per cent per annum; on \$176,633.30, 4 per cent per annum; on \$113,881.92, 7 per cent per annum, which latter rate has since been reduced.

Interest is also paid on certificates of deposits, as follows:

On \$1,000, 2 per cent per annum; on \$19,081.25, 2½ per cent per annum; on \$14,178.17, 3 per cent per annum; on \$28,078, 4 per cent per annum; and on \$58,000, 5 per annum; the last two rates have since been reduced.

Certificates of deposit were not issued expressly for the purpose of borrowing money any further than the payment of interest indicates that they are issued for that purpose. None of the certificates issued were secured by collaterals, and all are stated to be due on demand according to the form of those on hand and not yet issued. A proper record of the certificates is kept in a book for that purpose.

None were found as having been issued to other national banks.

13 and 14. Rediscounts and borrowed money.

[State whether bank borrows habitually or not, and if so in what way, to what extent, and at what rates of interest, and whether secured by collaterals of the bank or not, where money has been borrowed, state whether this has been duly authorized by the board of directors or not. If money is borrowed from other national banks, give full information regarding same.]

The bank is more frequently than otherwise a borrower from other banks members of the Clearing-House Association in Boston, although since the date of the last examination (January 7, 1891) it has not so often as formerly been such. The books of the bank show that during this period it has quite frequently been a lender of money to the other Boston banks. Such loans are not specially authorized by the formal vote of the board of directors, but the practice is known and understood by it. As stated on the next preceding page, this bank was a borrower, on the day that this examination was commenced from other Boston national banks, to the amount of \$475,000, although while the examination was in progress, it was, at times, a lender for more than this amount. Such loans are not secured by collaterals.

RECAPITULATION.

[State, in all cases, briefly, your opinion as to general condition of the bank, and whether its business is prosperous or not. In case of any real or probable, impairment of capital or where it appears from the condition of the bank that dividends should be suspended, recapitulate items showing probable losses, giving amount of each.]

Resources.	Book value.	Probable loss.	General remarks as to condition of bank.
"Bad debts".....	\$66,122.39	\$66,322.39	The general condition of the bank has somewhat improved since the date on which it was last examined, in so far as it has not been so frequent a borrower and has been stronger in its reserve. There are times however when it has to borrow largely. The bank does a very large business and its earning capacity is likewise large; in this sense its business is a prosperous one. Excessive loans are still found, however, which is an element of danger. The officers of the bank claim with confidence that they consider their loan a good one, and no amount has been entered as a "probable loss" on the third item in the recapitulation. The officers are confident, also, that there will be no loss on its "stock, securities, claims, etc.," and no amount has been entered as a probable loss on them.
Other overdue paper.....	106,017.00	7,650.00	
Other loans and discounts.....	6,344,622.62	see remarks.	
Overdrafts.....	94.23	0	
Premium on U. S. bonds.....	3,902.96	0	
Stocks, securities, claims, etc.....	884,413.69	see remarks.	
Banking-house.....	0	0	
Furniture and fixtures.....	30,963.62	*30,963.62	
Other real estate and mortgages.....	47,958.35	0	
Cash items.....	5,106.25	0	
Total.....	\$7,493,200.10	\$67,936.01	
Surplus fund.....	800,000.00		
Undivided profits.....	256,112.80		
Total.....	\$1,056,112.80		
Less current expenses, taxes, etc.....	41,481.74		
Total surplus and profits.....		\$1,013,631.06	

*The whole amount of the book value of this item has been listed as a "probable loss," for the reason that it is the intention of the officers of the bank to ultimately charge it off.
 NOTE.—The examination of this bank was commenced by me with my assistant, Mr. Ewer, but I was taken sick during the progress of it and was obliged to leave the completion of it to him. He has written the report of the examination and I have signed it officially, as has also Mr. Ewer.

J. W. MAGRUDER, Examiner.
 ALFRED EWER, Examiner.

To the COMPTROLLER OF THE CURRENCY,
 Washington, D. C.

EXHIBIT Q.

[No. of bank, 677. Date of report, August 18, 1891.]

Indebtedness of Asa P. Potter and collateral therefor.

Asa P. Potter, promisor.	
Demand on collateral.....	\$29,000.00
Asa P. Potter, endorser.	
Demand, L. O. Garrett.....	39,288.51
Time, M. R. Ballou.....	36,938.20
" Florida Commercial Co., with coll. (R. E.).....	2,610.00
Demand, Frank C. Elvin.....	100.00
Notes guaranteed by Asa P. Potter:	
Demand, Henry F. Woods, trustee, with coll. (R. E.).....	31,000.00
" Henry D. Hyde, with coll. (R. E.).....	14,327.17
" James H. Bates, with coll.....	39,000.00
" Scott F. Bickford, with coll.....	40,000.00
" Edgar M. Bixby, with coll.....	40,000.00

Notes guaranteed by Asa P. Potter—Continued.

Demand, Frank Q. Brown, with coll	\$40,000.00
“ W. L. Chandler, with coll	37,500.00
“ Joseph M. Cox, with coll	40,000.00
“ W. A. Haskell, with coll	27,157.51
“ Henry D. Hyde, with coll	11,315.79
“ C. F. Kellogg, with coll	34,631.25
“ Chas. E. Kelsey, with coll	35,251.25
“ A. Q. Miller, with coll	38,260.00
“ W. G. Monk, with coll	33,219.24
Time, H. G. Dillaway, with coll	39,982.11
Demand, Lewis Child	39,000.00
“ W. A. Connelly	39,000.00
“ W. M. Curtis	39,000.00
“ W. Ladd Dodge	39,000.00
“ Henry N. Farwell	30,000.00
“ B. F. Gleason	39,000.00
“ W. S. Harrington	40,000.00
“ H. Kellogg, jr	40,000.00
“ Sylvester Lacy	39,000.00
“ Thos. M. Mitchell	15,000.00
“ W. F. Morris	39,000.00
“ Joseph Warren	58,210.73
Time, M. R. Ballou	3,000.00
“ E. H. Heuries	39,942.50
Notes guaranteed by A. P. Potter and C. A. Sinclair:	
Demand, Henry T. Goold	39,000.00
“ T. S. McGowan	45,020.27
Notes guaranteed by A. P. Potter and Jonas H. French:	
Demand, E. J. Murphy, with collateral	38,633.10
“ John H. Clark	35,895.86
	<hr/>
	\$1,267,283.49
Notes guaranteed by A. P. Potter and Thos. Dana:	
Demand, Joseph C. Greeley	\$10,000.00
“ Thos. Mitchell	9,457.50
“ Roger I. Sherman	25,000.00
“ Otis L. Goodwin	5,000.00
“ Chas. W. Clarke*	45,384.63
“ C. E. Hanscom*	18,268.15
“ R. P. Waters	26,965.00
Note guaranteed by A. P. Potter and Henry D. Hyde:	
Demand, Albert J. Hosler	49,241.76
	<hr/>
	*189,317.04

RECAPITULATION.

\$1,267,283.49
 189,317.04

 1,456,600.53

Collaterals and estimated value thereof:

\$16,800 Jacksonville, Tampa and Key West Ry. coll. tr. 4 per cent A	\$13,440.00
13,350 Jacksonville, Tampa and Key West Ry. coll. tr., 4 per cent series B	8,010.00
2 m Algonquin Club, 5 per cent	2,000.00
2 m Country Club, 6 per cent	2,000.00
660 sh. Florida Commercial Co	66,000.00
12 sh. Quincy Market Cold Storage Co	1,200.00
75 sh. Aztes Land and Cattle Co	7,500.00
35 sh. Boston Cab Co	1,400.00

*104 m Atch., Topeka and Santa Fe R. R. 4 per cent, as collateral for these.

Collaterals and estimated value thereof—Continued.

153 sh. Florida Southern Ry	\$765. 00
50 sh. Natl. Bank of Commerce, Kansas City, Mo	7, 000. 00
50 sh. Citizens' Bank, Council Bluffs, Ia	6, 250. 00
50 sh. International Trust Co., Providence, R. I	6, 500. 00
200 sh. Charles River Embankment Co	20, 000. 00
59 sh. Boston and Maine R. R	10, 268. 00
339 sh. Atchison, Topeka and Santa Fe R. R	13, 899. 00
100 sh. Marrater Cattle Co., Fla	10, 000. 00
118 sh. West End Street Ry. Com	9, 322. 00
37 sh. West End Street Ry. Com. pfd	3, 034. 00
25 sh. Continental Nat. Bank, St. Louis, Mo	2, 600. 00
25 sh. California Nat. Bank, San Deigo, Cal	2, 750. 00
7,474 sh. West End Land Co	149, 480. 00
36 m Louisville, New Albany and Chicago Ry., 5 per cent	28, 800. 00
5 m Boston Athletic Asso., 5 per cent	5, 000. 00
Equity in 1,930 shs. of West End Ry. Com	55, 970. 00
‡ equity in 8,232‡ shs. Boston and Maine R. R. stock pledged at \$140 per share; market value \$174	139, 950. 00
A. P. Potter's share of equity in other Boston and Maine R. R. stock, purchased with others, number of shares not stated, stated to be	70, 000. 00
	<hr/>
	\$643, 136. 00

Notes claimed to be good, viz :

Henry F. Woods, trustee	31, 000
Florida Commercial Co	2, 610
Henry D. Hyde	25, 642. 96
W. L. Chandler	37, 500
W. A. Haskell	27, 157. 51
L. O. Garrett	39, 288. 51
Frank C. Elvin	100
A. J. Hosler	49, 241. 76
Henry T. Goold, to be paid by C. A. Sinclair	39, 000
T. S. McGowan, to be paid by C. A. Sinclair	45, 020. 27
One-half of amount of notes guaranteed by A. P. Potter and Thos. Dana	70, 000
One-half of valuation of \$104,000 Atchinson, Topeka and Santa Fe R. R. 4 per cent bonds, pledged, with notes guaranteed by A. P. Potter and Thos. Dana	42, 120
One-half of estimated conditional value of E. J. Murphy, col- lateral	19, 316. 55
One-half of John H. Clark's note, guaranteed by A. P. Potter and Jonas H. French	17, 947. 93
Amount dependent on name of A. P. Potter	367, 481. 40
	<hr/>
	1, 456, 600. 53

Memoranda of Asa P. Potter's stock in this bank.

In name of Asa P. Potter, unpledged	shares ..	540
In name of Asa P. Potter, pledged	do	690
Additional stock of A. P. Potter pledged and in name of pledgers	do	230
		<hr/>
Total shares		1, 460
		<hr/>
Total value of shares, 1,460, at \$300 each		\$438, 000
920 shares stated to be pledged for		126, 100
		<hr/>
Equity in total number of shares		311, 900

Indebtedness of firm of Thomas Dana & Co., and members thereof and collateral therefor.

Thomas Dana & Co., promisor:	
Time, endorsed W. O. Delano	\$7,500
“ endorsed Thos. Dana	7,500
Thomas Dana, promisor:	
Demand, endorsed W. H. Raymond	10,000
“ endorsed W. O. Delano	5,000
“ on collateral	9,731.50
W. O. Delano, promisor:	
Demand, endorsed Thos. Dana & Co	20,000
Time, endorsed Thos. Dana & Co	21,000
Demand, on collateral	8,032.58
W. H. Raymond, promisor:	
Demand, endorsed Thos. Dana & Co	20,000
Time, endorsed Thos. Dana & Co	20,000
H. F. Brooks, promisor:	
Demand, endorsed Thos. Dana	2,000
Time, endorsed W. O. Delano	725
Total as promisor	<u>131,489.06</u>
Joseph C. Greeley:	
Demand, endorsed Thos. Dana & Co., Thos. Dana	15,000
Time, endorsed Thos. Dana & Co	25,000
Carrie M. Dunmore:	
Time, endorsed W. H. Raymond, Thos. Dana & Co	10,000
“ endorsed Thos. Dana, Thos. Dana & Co	20,000
“ endorsed W. O. Delano, Thos. Dana & Co	10,000
Ernest H. Rowe:	
Demand, endorsed Thos. Dana & Co	20,000
Time, endorsed Thos. Dana & Co., and Thos. Dana	10,000
“ endorsed Thos. Dana & Co., and W. O. Delano	10,000
A. A. Finneran:	
Time, endorsed W. A. Delano, Thos. Dana & Co	10,000
E. H. Pearson:	
Demand, endorsed Thos. Dana	6,570
Susan M. Jordan:	
Time, endorsed Thos. Dana, and Thos. Dana & Co	5,000
Notes guaranteed by Thos. Dana:	
Demand, H. Dana	13,606.71
“ W. F. Dana with collateral	9,819.83
Electric Lustre Starch Co. (of which the firm of Thomas Dana & Co. are part owners):	
Time, endorsed Thomas Dana & Co	9,500
Demand, endorsed Thomas Dana & Co	500
	<u>174,996.54</u>
Notes guaranteed by Thomas Dana and A. P. Potter:	
Demand, Joseph C. Greeley	10,000
“ Thomas Mitchell	9,457.50
“ Roger I. Sherman	25,000
“ Otis L. Goodwin	5,000
“ Chas. W. Clark*	45,384.63
“ C. E. Hanscom*	18,268.15
“ Richard P. Waters*	26,965
	<u>140,075.28</u>
Business paper endorsed Thos. Dana & Co	17,564.53

* \$104,000 Atchison, Topeka, Santa Fe R. R., 4 per cent as coll. for these

RECAPITULATION.

\$131,489.06
 174,996.54
 140,075.28
 17,564.53

 464,125.41

Collaterals pledged and valuation thereof :

93 sh. Union Glass Co	\$21,700
100 " American Sugar Refining Co., Com	8,800
10 " Electric Lustre Starch Co	3,000
6 m. Jacksonville, Tampa and Key West Ry. C. T. 4 per cent series A	4,800
One-half of valuation of 104 m. Atchison 4 per cent	42,120
Deed of land with residence thereon, 311 Commonwealth ave., from Thos. Dana and wife to C. F. Kellogg, trustee, executed Jan'y 22, 1891, on which there is a prior lien of \$30,000. Equity therein	50,000
Notes claimed to be good, viz :	
Firm notes endorsed by partners	15,000
W. O. Delano notes endorsed by firm	41,000
Do. notes with collateral	8,032.56
W. H. Raymond	40,000
Joseph C. Greeley	40,000
Carrie M. Dunmore	40,000
Ernest H. Rowe	40,000
A. A. Finneran	10,000
Susan M. Jordan	5,000
Notes of H. F. Brooks	2,725
Electric Lustre Starch Co	10,000
One-half of notes guaranteed jointly by Thos. Dana and A. P. Potter	70,037.64
Business paper endorsed by firm	17,564.53

Liabilities	469,779.73
Good notes and collateral	464,125.41
	469,779.73

[No. of bank 677. Date of report, January 7, 1891.]

Indebtedness of Jonas H. French and collateral therefor.

Jonas H. French, promisor:

Demand on collateral	\$6,750
" do	14,602.15
" do	8,500
" do	17,988.21
" do	2,037.27

(Overdraft since made good \$86.35)

Notes indorsed by Jonas H. French:

Time, D. T. Mills & Co	\$9,391.10
" Henry G. French	10,000
Demand, Henry G. French	23,366.59
Time, Geo. E. Craig	39,372.49
" N. A. Thompson Coal Co	4,000
Demand, Geo. F. Evans	30,000
" Cape Ann Granite Co	10,000
Time, Cape Ann Granite Co	30,000

\$156,130.18

Notes guaranteed by Jonas H. French:

Demand, Cape Ann Granite Co	\$10,000
“ Henry W. Bennett	39,000
“ N. A. Thompson	39,900
“ C. C. Boutell	39,825
“ Burt Emerson	39,750
“ Geo. E. Hosler	40,000
“ Fred. G. Jewett	35,000
“ W. L. Lowell	40,000
“ Thomas Marsh	40,000
“ Arthur E. Pearson	39,750
“ Edwd. A. Pearson	23,717. 21
“ W. H. Pearson	39,850
“ Geo. W. Quinn	40,090
“ E. W. Rawson	39,500
	<hr/>
	\$506,292. 21

Notes guaranteed by Jonas H. French and A. P. Potter:

Demand, E. J. Murphy with call	\$38,633. 10
“ John H. Clark	35,895. 86
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	\$74,528. 96

Collaterals and estimated value thereof:

90 sh. San Diego Land and Town Co., \$25 each	\$1,710
7887 “ West End Land Co	157,740
50 “ New York and New England R. R., pfd	5,100
75 “ Charles River Embankment Co	7,500
50 “ California Southern R. R., pfd	675
745 “ New York and New England R. R. Com	36,933
15 m. New York and New England R. R. Com., 2d mtge 6 per cent	15,187. 50
\$12,500 Atch., Topeka and Santa Fe R. R., inc. 5 per cent	7,437. 50
\$250 Atch., Topeka and Santa Fe R. R., do scrip	148. 75
Equity in 1,660 shares of West End Street Ry. Co., common stock, pledged at \$50 per share	\$48,140
	<hr/>
	\$280,571. 75

Estimated conditional value of one-half of E. J. Murphy's collateral

Notes claimed to be good, viz:

D. T. Mills & Co	9,391. 10
Henry G. French	33,368. 59
Geo. E. Craig	39,372. 49
N. A. Thompson Coal Co	4,000
Cape Ann Granite Co	40,000
Do	10,000
Henry W. Bennett	39,000
N. A. Thompson	39,900
One-half of notes guaranteed J. H. French and A. P. Potter	37,264. 48
Amount dependent on name of Jonas H. French	234,645. 99
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	\$786,828. 95

Memoranda of Jonas H. French's stock in this bank.

In name of Jonas H. French, unpledged, shs	220
“ “ “ do pledged, do	570
Additional stock of Jonas H. French, pledged, and in name of pledgers, shs	175
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Total shares	965
Total value of 965 shares at \$300 each	\$289,500
745 shares stated to be pledged for	93,000
	<hr/>
Equity in total number of shares	\$196,500

RECAPITULATION.

\$49,877.00
 156,130.18
 506,292.21
 74,528.96

\$786,828.95

EXHIBIT R.

[No. of bank 677. Dated of report, August 13, 1891.]

Stocks, securities, claims, etc.

Enter number shares of stock or face value of bonds.	Name of corporation issuing stock, bonds, etc.	Amount at which carried on books.*	Estimated actual market value.	State whether taken for "debts previously contracted" or otherwise, and if interest or dividends are regularly paid, etc.
1,706 shs	Ruby Iron Mining Co., Gogebic Co., Mich., par \$25.		Issued to settle debt and then placed on the market. Not quoted.	Taken for debt. No dividends paid.
202 shs	Syracuse (N. Y.) Consolidated Street Ry., par \$100 each.		Not quoted. Estimated at \$3,060.	Received at no cost with bonds of the company which were purchased by the bank and subsequently sold. No dividends paid.
500 shs	Louisville Railway Co., 135 shares of preferred and 365 shares of common stock, par each \$100.		Not quoted. Estimated at \$12,150 pfd., \$12,775 com.	Received at no cost with bonds of the company which were purchased by the bank and a part of which were subsequently sold. No dividends paid.
\$208,000	Atchison, Topeka and Santa Fe Railroad Co., 4 per cent general mortgage, gold bonds, due July 1, 1899.		\$168,480	Purchased for investment. Interest regularly paid. \$32,500 of the bonds are stated to be held by the City Bank, "Limited," of London, Eng., for this bank's account.
\$5,000	Boston Cab Company, 6 per cent bonds, due April 1, 1894, guaranteed by E. A. Taft.		\$5,000	Taken for debt. Interest regularly paid.
\$10,000	Jacksonville, Tampa and Key West Railway Co., collateral trust 4 per cent bonds, series A, due Aug. 1, 1898.		\$8,000	Purchased for investment. Interest regularly paid.
\$6,000	Do. Series B, 4 per cent.		\$3,600	Purchased for investment. Interest regularly paid.
\$43,000	Alberta Lumber Company, Limited, Winnipeg, Canada, 6 per cent bonds, due April 10, 1908.		\$43,000	Taken for debt. Interest regularly paid.
600 shs, \$50,000 bonds.	Wisconsin Iron Company. The bonds are first mortgage 6 per cent gold bonds, due May 1, 1910.		\$40,000 for the bonds. Stock value unknown.	Purchased for investment. Interest on the bonds regularly paid. No dividends on the stock.
\$3,000	Ogdensburg Car Trust certificates. Series A, due Oct. 1, 1891.		\$3,000	Purchased for investment. Interest regularly paid.
\$64,000	Boston United gas bonds, the Bay State Gas Co. of New Jersey, 5 per cent sinking fund trust bonds, due January 1, 1899.		\$73,100	Purchased for investment. Interest regularly paid.
\$166,000	Richmond and West Point Terminal R. R. and Warehouse Co., 6 per cent gold trust bonds, due Feb. 1, 1897.		\$143,560	Purchased for investment. Interest regularly paid; \$164,000 of the bonds are held by the First National Bank of New York for the account of this bank.

* See note at end of list.

Stocks, securities, claims, etc.—Continued.

Enter number shares of stock or face value of bonds.	Name of corporation issuing stock, bonds, etc.	Amount at which carried on books.	Estimated actual market value.	State whether taken for "debts previously contracted" or otherwise, and if interest or dividends are regularly paid, etc.
\$300,000.....	Atlantic and Pacific R. R. Co. guaranteed trust 4 per cent gold bonds, due January 1, 1937.	-----	\$154,600	Purchased for investment. Interest regularly paid. Held by the First National Bank of New York for the account of this bank.
\$7,500.....	Amos Whitely & Co. (Springfield, O.) 5 per cent first mortgage bonds, due in instalments of principal and interest on Nov. 1 of each year from 1891 to 1900.	-----	There is no market for the bonds.	Taken in exchange for \$7,500 Champlon Machine Co., of Springfield, O., 3 per cent bonds, which were taken for debt. The first interest coupons on the bonds now held are due Nov. 1, 1891.
\$100.....	District of Columbia 3 $\frac{1}{4}$ per cent bonds, due Aug. 1, 1924.	-----	\$112	Purchased for investment. Interest regularly paid.
\$60,000.....	Louisville Railway Company first consolidated mortgage 5 per cent 40 year bonds, due July 1, 1930.	-----	\$50,000	Purchased for investment. Interest regularly paid.
\$1,000.....	Jacksonville, Tampa & Key West Railway Co. collateral trust 4 per cent bonds, series A, due Aug. 1, 1896.	-----	\$800	Purchased for investment. Interest regularly paid.
\$8,000.....	Brockton Street Railway Co. 4 $\frac{1}{2}$ per cent bonds, due April 1, 1910. Third series; issue, \$50,000.	-----	\$8,000	Purchased for investment. Interest regularly paid.
\$1,000.....	Commonwealth of Massachusetts 5 per cent bond, due July 1, 1895.	-----	\$1,040	Purchased for investment. Interest regularly paid.
\$1,000.....	Boston and Lowell Railroad Corporation 7 per cent bond, due April 1, 1892.	-----	\$1,000	Purchased for investment. Interest regularly paid.
\$500.....	City of East Saginaw, Mich., 4 per cent water bonds, due May 1, 1897.	-----	\$500	Purchased for investment. Interest regularly paid.
\$38,000.....	City of Dayton, O., 6 per cent sewer bonds, District No. 1, \$2,000, due Aug. 1, 1892, and \$4,000 annually thereafter on Aug. 1 until 1901, inclusive.	-----	\$40,280	Purchased for investment. Interest regularly paid.
\$1,000.....	City of Chelsea, Mass., city loan of 1875, due April 1, 1895, 6 per cent.	-----	\$1,080	Purchased for investment. Interest regularly paid.

NOTE.—There is no specific valuation placed on each of the several items described above in the accounts of the bank. Their aggregate valuations appear on the books of the bank in two accounts, as follows:

Bond account No. 1.....	\$765,665.93
Bond account No. 2.....	118,747.76

Total as per item 7 of Resources in accompanying statement..... \$884,413.69

The estimated market value of the several items, so far as they could be obtained and so far as they are stated herein, amount to \$792,187. To this could be added whatever accrued interest there may be on such of the bonds as are sold in this market and also whatever amount the stocks and bonds may be worth, for which no estimated market value could be obtained. There is also a margin of premium on the United States bonds held.

J. W. MAGRUDER, *Examiner.*
ALFRED EWER, *Examiner.*

To the COMPTROLLER OF THE CURRENCY,
Washington, D. C.

EXHIBIT S.

[No. of bank, 677. Date of report, August 18, 1891.]

Loans exceeding the limit prescribed by section 5200, U. S. Revised Statutes.

- \$60,000 to J. Reed Whipple on his single name paper.
 Rated by E. Russell & Co.'s mercantile agency at from \$200,000 to \$300,000 with "high credit."
- \$90,000 to W. S. Badger & Co. on their acceptance of drafts of the Groveland Mills.
 The cashier of this bank states he understands these drafts to be drawn against "actually existing values," but being in excess of one-tenth of the bank's capital they are here reported. The acceptors are rated at from \$200,000 to \$300,000 with "high credit" and a similar rating is given for the Groveland Mills.
- \$50,000 on notes of the Cape Ann Granite Company indorsed or guaranteed by Jonas H. French. The company is rated at from \$75,000 to \$125,000 with "high credit." Jonas H. French not being engaged in mercantile business is not rated.
- \$50,000 on notes of the R. T. Palmer Company indorsed R. T. Palmer, jr. The company is rated at from \$200,000 to \$300,000 with "high credit."
- \$47,879.56 to John R. Bullard on collateral security consisting of a life-insurance policy for \$25,000 and other collateral valued at \$39,000.
 Borrower not in mercantile business and not rated. Considered good independent of collateral.
- \$40,474.85 to Edmund J. Jenkins on collateral security valued at \$40,875.
 Borrower not being engaged in mercantile business is not rated. Considered good.
- \$43,786.15 to John W. Candler, \$4,086.15 on single name and \$39,700 on real estate security as described on appropriate schedule, believed to be worth at least the amount loaned. Borrower not rated, but stated by the officers of the bank to be good.
- \$41,500 to W. L. Candler: \$1,000 on his single name, \$3,000 on collateral, and \$37,500 on collateral, payment of which is guaranteed by A. P. Potter, but stated by him to be for Mr. Candler to pay. Value of collaterals pledged \$27,300. Borrower not rated, but stated by the officers of the bank to be good.
- \$50,000 Nathan Matthews with real estate security as described on appropriate schedule, valued at as much at least as the amount loaned. The bank also holds a note for \$10,000, made by N. Matthews, jr., and indorsed by Nathan Matthews. Parties not in mercantile business and not rated.
- \$48,900 to Linus M. Child with real estate security as described on appropriate schedule, valued at as much at least as the amount loaned. Borrower not rated.
- \$49,000 to N. W. Jordan \$28,000 with collateral, and \$21,000 with real estate security, the value of both being considered good for the amount loaned. The borrower is the actuary of a trust company in this city, and is not rated.
- \$45,000 to Thomas M. Stevens, with real estate security valued at as much, at least, as the amount of the debt. Borrower not rated.
- \$49,241.76 on note of Albert J. Hosler, guaranteed by Henry D. Hyde and A. P. Potter, with real estate security, being second mortgages on the property, which is also collateral for the next preceding loan, and which is believed to be of sufficient value to protect both of the debts. None of the parties to this note are in mercantile business and are consequently not rated.
- \$41,788.51 on note of L. O. Garrett, \$2,500 on single name and \$39,288.51 which is indorsed by A. P. Potter, which is claimed to be protected by security in the hands of a third party. Not rated.
- \$60,000 to L. P. Hollander & Co., on single name notes of the firm. Rated at from \$200,000 to \$300,000, with "high credit."
- \$86,414.96. Amount of balance due this bank on "collection account" from the Connecticut Trust and Safe Deposit Co., of Hartford, Ct. This corporation had a credit balance on the books of this bank on August 18th, on its "regular" account of \$22,110.98. Both amounts are included in "Due from" and "Due to State banks and bankers," respectively.

- \$45,000 to the First National Bank, of Pawtucket, R. I., on two of its certificates of deposit, due on demand, the amount of which is carried among the assets of the bank as "Due from other national banks."
- \$40,000 to George Wheatland jr., on his single name notes, \$10,000 of which was paid on August 20, 1891. The borrower is in the real estate business and is claimed to be perfectly good, but is not rated by E. Russell & Co.
- \$49,877.60 to Jonas H. French, with collateral which is also collateral for other notes indorsed or guaranteed by him, but inasmuch as the collateral is "general" for the whole indebtedness, it can not be separated and a valuation placed on a portion thereof to be applied on this particular part of the indebtedness. It can be stated, however, that the value of the whole collaterals pledged, is not sufficient by a considerable amount to cover both classes of indebtedness.
- \$72,420.67 to Florida Commercial Company, secured partly by collaterals and partly by real estate, a full description of which will be found among the loans secured by real estate, under which heading the indebtedness is classified. There is no rating given for the company.
- \$27,000 } on notes of Jones, Cook & Co., single name.
 \$45,000 } on notes of Jones, Cook & Co., with collateral consisting of \$1,500 ordinary shares of the stock of the Frank Jones Brewing Co., "Limited," which is not quoted in this market.
 \$20,000 } on notes of Frank Jones, a member of the firm, on collateral consisting of \$26,000 par value Eastman Freight Car Heater Co, 1st mtge. 6 per cent bonds, which are seldom if ever quoted.
 \$120,864.17 } on notes of Charles A. Sinclair, also a member of the firm, with collateral.

There are other notes, as follows: \$24,000, made by J. W. Weeks (of the firm of Hornblower & Weeks, stock brokers, rated "fair") endorsed Charles A. Sinclair; \$35,000, and \$15,020.27 made by T. S. McGowan, an employé, with collateral security, payment of which is guaranteed by C. A. Sinclair and A. P. Potter; \$39,000, made by Henry T. Gould, also an employé, guaranteed by C. A. Sinclair and A. P. Potter, the latter stating that the guaranteed notes are to be paid by C. A. Sinclair and no part of them by him, and that they should not be considered as indebtedness of his. The two notes made by T. S. McGowan are equal to more than one-tenth of the capital of the bank, but being listed here as subsidiary notes they are not listed in the margin as in themselves excessive loans. The firm of Jones, Cook & Co. is rated by Bradstreet at \$1,000,000 and over with "good credit."

- \$162,722.50 } on notes of Irving A. Evans & Co., with collateral.
 \$10,000 } on note of William S. Bliss, a member of the firm, and endorsed by
 by it.
 \$15,000 } on note of Austin B. Tobey, also a member of the firm, and endorsed
 by it.

There are other notes with collateral security, consisting of stocks, bonds, etc., endorsed or guaranteed by Irving A. Evans & Co., as follows:

- \$40,000, made by Scott F. Bickford, \$40,000, made by J. Herbert Day; } Employ-
 \$40,000, made by G. Henry Knapp; \$34,000 made by C. G. Lenfest; } e's of
 \$36,000, made by C. J. Colan; \$38,000, made by C. V. Goldthwait; } the
 \$14,503.82, made by Edgar G. Frost; \$22,000, made by E. W. L. Nichols; } firm.

There is also another note made by E. W. L. Nichols for \$35,000 (making \$57,000 in all) which is secured by \$35,000 in notes of Thomas Dana endorsed Irving A. Evans & Co. In addition there are also notes for \$50,000 made by Lewis Ross and endorsed by Irving A. Evans & Co. It will be noticed that the amount of the two notes made by E. W. L. Nichols are above the limit in themselves, as also are the notes made by Louis Ross, but being listed here as subsidiary notes they are not listed in the margin as in themselves excessive loans. There are also three other loans in connection with the indebtedness of Irving A. Evans & Co. that equal the prescribed limit, but being listed and once described here they will not be again listed as loans equalling the limit. The whole of this class of indebtedness amounts to \$537,226.32, and the value of the collaterals pledged is estimated at \$323,876.25. It is claimed that the personal notes of the two members of the firm amounting to \$25,000 and the notes made by Louis Ross for \$50,000 are good of themselves. These amount to \$75,000, and if deducted from the total liability there will be left \$462,226.32, while the value of the collaterals pledged is estimated at but \$323,876.25, leaving \$133,350.07 dependent practically on the firm's name. The firm is in the stock brokerage business.

In this city. They are rated at from \$200,000 to \$300,000 with "high" credit, and it is claimed by the president of this bank that the firm's indebtedness to the bank is perfectly good.

\$65,000 to D. M. Sabin with collateral.

There are other notes, as follows: \$17,500, made by W. W. Keen, guaranteed by D. M. Sabin; \$15,307.50, made by W. W. Keen, with collateral; \$10,119.58, made by C. K. Davis; \$10,339.16, made by the Woodsville and Southern Railway Co.; \$3,253.88, made by the St. Croix Land and Lumber Co., endorsed Minnesota Thrasher Manufacturing Co., and \$750, made by the Minnesota Thrasher Manufacturing Co., which latter notes are indorsed by D. M. Sabin. In addition there are also notes amounting to \$20,466.68, made by D. M. Sabin and endorsed by Thomas Lowry. The whole of this indebtedness is claimed by the president to be good.

\$15,000 } on notes of Thomas Dana & Co., indorsed by different members of the firm.

\$24,731.50 } on notes of Thomas Dana, a member of the firm, some of which are indorsed by other members of the firm and some secured by collateral.

\$49,032.56 } on notes of W. O. Delano, also a member of the firm, some of which are indorsed by the firm and part with collateral security.

\$40,000 } on notes of W. H. Raymond, also a member of the firm, indorsed by the firm.

\$2,725 } on notes of W. F. Brooks, also a member of the firm, indorsed by other members of the firm. As some of the collaterals pledged are also security for other indebtedness no division of them is practicable. The firm is rated at from \$300,000 to \$500,000, with "high" credit.

\$50,000 on notes of Joseph C. Greeley, \$40,000 of which are guaranteed by Thomas Dana & Co., and \$10,000 indorsed by same. The maker of the note is not found to be rated. The firm of Thos. Dana & Co. is rated at from \$300,000 to \$500,000, with "high" credit.

\$58,210.73 on notes of Joseph Warren, guaranteed by A. P. Potter. The maker of the notes is not rated.

EXHIBIT T.

[No. of bank, 677; Date of report, August 18, 1891.]

Loans equal to the limit prescribed by section 5200, U. S. Revised Statutes.

\$40,000 on note of Scott F. Bickford.
 \$40,000 " " " Edgar M. Bixby.
 \$40,000 " " " Frank Q. Brown.
 \$40,000 " " " Joseph M. Cox.
 \$40,000 " " " Wm. S. Harrington.
 \$40,000 " " " H. Kellogg, jr.
 \$40,000 " " " Geo. E. Hosler.
 \$40,000 " " " W. L. Lowell.
 \$40,000 " " " Thomas Marsh.
 \$40,000 " " " Geo. W. Quinn.
 \$40,000 " notes " Carrie M. Dinsmore.
 \$40,000 " " " Ernest H. Rowe,

EXHIBIT U.

[No. of bank, 877. Date of report, August 18, 1891.]

Loans and discounts secured by real estate—Mortgages or other liens on realty.

Describe property. State form of conveyance, and from whom obtained.	Amount at which carried on books.	Amount of prior lien on property, if any.	Estimated actual value of property.	Date when acquired.	State whether taken for "debts previously contracted," or otherwise.
Six lots of land on Scotia st., Boston, with an apartment house on each lot. Mortgages from Linus M. Child, and Linus M. Child and wife to Joseph W. Work, trustee.	\$48,000.00	-----	\$48,000.00	July 1, 1889	Taken in settlement of mortgages of Norcross and Glidden, which show that the liens first came into the bank July 1, 1889. \$40,000 of the \$48,000 has become overdue and the other \$8,000 became overdue but has been renewed. The indebtedness has been reduced \$12,000 since Jan'y 7, 1891.
Three lots of land on Belvidere st., Boston. Apartment house on each. Mortgages from Thos. M. Stevens and wife to Jos. W. Work, assigned to this bank.	\$45,000.00	-----	\$45,000.00	Aug. 14, 1890	Not taken for debt previously contracted. Debt claimed to be good.
Four lots of land on Belvidere st., Boston. Apartment house on each. Mortgages (and notes amounting to \$49,241.76 secured thereby) from Thos. M. Stevens and wife to Joseph W. Work, assigned to this bank.	\$49,241.76	\$60,000.00	\$49,241.76	Aug. 14, 1890	Not taken for debt previously contracted. Debt claimed to be good. Of the prior liens of \$60,000 on property, the bank holds \$45,000 thereof as security for the item last described above.
6,587 sq. ft. of land on Boshina st., and 3,221 sq. ft. of land on Scotia st., both in Boston. Deed from Boston Water Power Co. to J. W. Work, with a declaration from said Work that he holds the property for the equal benefit of Henry D. Hyde and A. P. Potter.	\$14,327.17	None-----	\$12,500.00 At assessors valuation.	July 7, 1890	Taken for Boston Water Power bonds surrendered, which were held as collateral.
Two lots of land on Bird st., Dorchester, Mass., consisting of 32,840 sq. ft. as described in mortgage.	\$12,500.00	None-----	\$12,500.00	Sept. 1, 1882	Not taken for debt previously contracted. Debt claimed to be good.
Mortgage (and \$15,500 balance of a note secured thereby) to Asa P. Potter, assigned to this bank.	\$1,000.00	None-----	\$1,000.00	Mch. 16, 1889	Taken for debt previously contracted.
Parcel of land partly in Somerville and partly in Medford, Mass.					
Mortgage to J. W. Work, assigned to this bank					

Loans and discounts secured by real estate—Mortgages, etc.—Continued.

Describe property. State form of conveyance, and from whom obtained.	Amount at which carried on books.	Amount of prior lien on property, if any.	Estimated actual value of property.	Date when acquired.	State whether taken for "debts previously contracted," or otherwise.
Land and buildings on Commonwealth ave., Boston. Mortgage (and note for \$65,000 secured thereby) from Thos. R. White and wife to Nathan Matthews, assigned to this bank.	\$50,000.00	\$255,000.00	\$50,000.00	Mch 27, 1891	Not taken for debt previously contracted. Debt claimed to be good.
1,720 acres of land (more or less) in Lee County, Florida, and 2,280 acres of land (more or less) in De Soto County, Florida. Deeds from Florida Commercial Co. to J. W. Work, and quitclaim deed from Work to this bank.	\$30,700.00	None.....	\$30,700.00	Nov. 22, 1888	Taken for debt previously contracted. Loan to John W. Chandler. Some other security, consisting of R. R. stocks and bonds, and a note for \$7,891.11, secured by R. R. bonds, is also held.
5,000 acres of land in Lee County, Florida. Deed from Florida Commercial Co. to Frank E. Smith, and deed from Frank E. Smith to — (no grantee named in deed). 19,820 acres of land in Manatee Co., Fla.; 14,120 acres of land in Lee Co., Fla. Deeds from Florida Commercial Co. to Joseph W. Work, and quitclaim deeds from J. W. Work to this bank. 50,080 acres of land in Florida—represented by a written declaration of Jacob Edwards, which states that he holds the same to secure notes of the Florida Commercial Co., of which the \$2,610 note held by this bank is a part.	\$27,390.67 42,420.00 2,610.00	None.....	\$72,420.67	Apr. 29, 1890	Taken for debts previously contracted. Loans to the Florida Commercial Co. Some other security, consisting of R. R. bonds, is also held.
A parcel of land with the buildings thereon, Dean avenue, Dorchester, mortgage and note of \$4,500, secured thereby. Also another parcel of land on Brookford street, Roxbury, and note of \$7,500, secured thereby. Both mortgages from F. R. Bodwell to Edw. Frothingham, assigned to this bank.	\$6,000.00	None.....	\$6,000.00	Dec. 20, 1890	Not taken for debt previously contracted. Borrower claimed to be good independent of the security.
Lots 1, 2, 3, and 4, in block 2, Broadway, addition to Kansas City, Mo. Deed of trust (and notes for \$17,000, secured thereby, being part of notes amount-	\$51,000.00	None.....	\$17,000.00	Aug. 31, 1889	Not taken for debt previously contracted. Borrower is claimed to be good.

Loans and discounts secured by real estate—Mortgages, etc.—Continued.

Describe property. State form of conveyance, and from whom obtained.	Amount at which carried on books.	Amount of prior lien on property, if any.	Estimated actual value of property.	Date when acquired.	State whether taken for "debts previously contracted," or otherwise.
<p>ing to \$30,000) between L. V. Harkness and wife, of the first part, J. W. Perkins, of the second part, and Chas. F. Emery, of the third part, conveying to the party of the second part the lots described. The deed of trust and notes for \$17,000 are held by this bank. The deed was executed February 28, 1887.</p>					
<p>Twenty-four lots of land in Calhoun and Remington Parks, Hennepin County, Minnesota. Mortgages and notes secured thereby, viz: \$4,000 in notes secured by mortgages of lots 5, 6, 7, 8, and 9, in block 59 of Calhoun Park. \$10,500 in notes secured by mortgages of lots 8, 9, 10, and 11 in block 32, lots 10 and 11 in block 41, and lot 7 in block 42, all of Calhoun Park. \$4,300 in notes secured by mortgages of lots 1, 2, 3, and 4 in block 11, first division of Remington Park. \$6,400 in notes secured by mortgages of lot 9 in block 29, lots 8, 12, and 13 in block 30, lot 7 in block 35, and lots 10, 11, and 12 in block 44, all of Calhoun Park.</p>	\$25,000.00	None.....	\$25,000.00	July 5, 1890	<p>Not taken for debts previously contracted. The president states that the security was taken at the instance of the borrower. The note of Wm. S. King for \$25,000, for which the property is security, matured on July 13th last, and is included in the amount of "Other suspended and overdue paper." The maker is embarrassed financially, but expects to be able in short time to arrange his affairs, it is stated.</p>
<p>The mortgages are from Wm. S. King to Joseph W. Work, and are assigned to this bank by him. Land and buildings in Arlington, Mass. Mortgage to Henry F. Woods, assigned to J. W. Work and by J. W. Work assigned to this bank.</p>	\$30,000.00	None.....	\$20,000.00	Jan. 31, 1889	<p>This property was acquired by the bank in the settlement of the indebtedness of C. E. Raymond, was sold to John P. Squire, whose note is held by the bank with the property as security. The maker of the note is claimed to be good independent of the security.</p>
<p>Parcel of land in Somerville, Mass., mortgage from Wm. Vogler and wife to Henry F. Woods, by him assigned to C. F. Kellogg, and by the latter to the bank.</p>	\$1,825.00	None.....	\$1,825.00	Aug. 16, 1889	<p>Taken for part of the consideration for real estate that was taken for debts previously contracted.</p>
<p>Six lots containing 7,668 sq. ft. of land on Cambria st.,</p>	\$33,250.00	None.....	\$33,250.00	Jan. 1, 1890	<p>Taken in settlement of Boston Water Power Co. bonds</p>

Loans and discounts secured by real estate—Mortgages, etc.—Continued.

Describe property. State form of conveyance, and from whom obtained.	Amount at which carried on books.	Amount of prior lien on property, if any.	Estimated actual value of property.	Date when acquired.	State whether taken for "debts previously contracted," or otherwise.
Boston, with an apartment house on each lot, mortgage from John T. Curry to Joseph W. Work, trustee.					surrendered, which were held by this bank as collateral. The notes for which the property is security are made by John F. Curry and have matured. They have been extended by agreement until Jan'y 1, 1892, on conditions, and are not classified as "overdue."

NOTE.—The bank holds a note signed "Henry F. Woods, trustee," originally for \$37,100.10, guaranteed by A. P. Potter, which is now reduced in amount to \$31,000.

This note appears in reality to represent real estate in Somerville, Mass., that was deeded to Henry F. Woods (who is a director of the bank) to prevent loss on certain indebtedness of Chas. E. Raymond, now dead. The title to the property is vested in Mr. Woods, and is left so in order that conveyance of the land as sold by him in smaller parcels than the quantity originally deeded may be made with more facility than it otherwise could be; and to represent the value of the property. Mr. Woods' note signed as above stated is carried among the loans and discounts of the bank.

The president of the bank states that he expects that more than the amount of the note in question will be realized for the land, giving a surplus to be applied on other of C. E. Raymond's indebtedness for which the bank holds his notes. Sales from the property resulted in the reduction of the amount of the note from the original amount to the \$31,000 for which it is now carried.

No. 1.

TREASURY DEPARTMENT,
OFFICE OF COMPTROLLER OF THE CURRENCY,
Washington, D. C., October 28, 1890.

Mr. ASA P. POTTER,
President Maverick National Bank, Boston, Mass.:

SIR: It appears from the report of condition of your bank on October 2, 1890, that the following loans in excess of one-tenth of its capital stock have been made, viz:

Fifteen loans as per schedule on back of report.

Section 5200, United States Revised Statutes, prescribes that "the total liabilities to any association of any person, or of any company, corporation, or firm for money borrowed, including, in the liabilities of a company or firm, the liabilities of the several members thereof, shall at no time exceed one-tenth part of the amount of the capital stock of such association, actually paid in."

Respectfully yours,

E. S. LACEY, *Comptroller.*

No. 2.

TREASURY DEPARTMENT,
OFFICE OF COMPTROLLER OF THE CURRENCY,
Washington, D. C., December 1, 1890.

Mr. A. P. POTTER,
President Maverick National Bank, Boston, Mass.:

SIR: Upon examination of your report of condition on October 2, 1890, it is found that the lawful money reserve of your bank on that day was deficient to the extent of \$345,360, and under the provisions of section 5191, U. S. Revised Statutes, it becomes my duty to notify you to make good such reserve.

You are respectfully referred to section 5191, United States Revised Statutes, as amended, which contains the following provisions:

"Whenever the lawful money of any association in any of the cities named shall be below the amount of twenty-five per centum of its deposits, and whenever the lawful money of any other association shall be below fifteen per centum of its deposits, such association shall not increase its liabilities by making any new loans or discounts otherwise than by discounting or purchasing bills of exchange payable at sight, nor make any dividend of its profits, until the required proportion, between the aggregate amount of its deposits and its lawful money of the United States, has been restored. And the Comptroller of the Currency may notify any association, whose lawful-money reserve shall be below the amount above required to be kept on hand, to make good such reserve."

Respectfully yours,

E. S. LACEY, *Comptroller.*

No. 3.

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Boston, December 6, 1890.

Hon. E. S. LACEY,
Comptroller of the Currency, Washington, D. C.:

SIR: Your letter of the 4th instant is this day received, and in reply I have to say that at times, when not engaged in making regular examinations (which are very infrequent) and more or less frequently when in the course of the day during examinations I have had a few minutes to spare, it has been my custom to run into some of the banks whose business in one way or another reflects, in my opinion, the general situation, and get such information as I can in the limited time at my disposal from the managing officers with regard thereto. It has, as you will readily understand, been impossible for me to visit all the banks in this way, and the purpose in view did not seem to me to render it necessary that I should do so. The information I have sought has always been freely and fully accorded, but its character has not been such as rendered it necessary for me to ask for the balance sheets or other papers of the banks I have visited, giving details as to their condition at the moment, as that would not have accomplished my purpose even if I could have spared the time for the inspection necessary to obtain any critical idea as to the condition at the moment of any particular bank. Nevertheless, the banks I have visited in the manner indicated have not hesitated to frequently produce their balance sheets in order to emphasize by their own figures the opinions expressed or the information given by their managing officers as to the general situation and show the grounds on which such opinions or information were based by exhibiting in that way how the respective institutions were being influenced or affected by the course of affairs.

In short, I have never found any bank manager or officer hesitate to give information sought by me, but on the contrary have found all to whom I have applied entirely willing to afford me every facility and assistance in their power, nor has any bank ever objected to giving me free access to its statements or accounts, when occasionally I have suggested in the course of conversation, in which I have been seeking information as to the general situation that an inspection of the statement (balance sheet) or some account might serve to elucidate the point under decision. Such suggestions have invariably been met, so far as I remember, by the prompt production of the books or statements bearing upon the question, generally the statement or balance sheet, and I am convinced that there is no bank here that would offer any objection to my having access to its affairs in the manner you mention at any time.

I do not mean to be understood that I have made any great point of visiting any large number of banks in the manner indicated, for the work of regular examinations has taken up nearly the whole of my time, and when I have been examining a bank I have frequently seen no one connected with any other bank for days at a time, and have even not gone to my own office: going straight from my home in the morning to the bank in which I was engaged, and working there until late in the evening. Sometimes as I have come down town in the morning, or when I have gone to lunch at noon, or on days when having finished a bank the preceding evening, I am waiting until the hour for closing business to

commence the examination of another, I have run into this, that, or the other bank for the purpose, as before stated, of getting such information as I could regarding the general situation, and it is in this way that my extra official visits to banks have been paid.

Since the completion of the examination and preparation of the report of the National Bank of Redemption, on which examination I was engaged when I received your letter of the 22d ultimo, I have not commenced the examination of another bank because I have found that it takes about all of the business hours of each day to obtain the information you desired me to send you daily, and if I were examining a bank I should therefore have to be out so much that it would make an examination going on in that way objectionable in some respects.

Unless something shall happen to prevent, however, I shall endeavor to begin examining again next week, as it is important, and in fact necessary, that I should be earning something to meet my expenses, but I shall take the time necessary to get the information you desire me to write you every day too, if, indeed, you care for a continuance of my daily letters, about which I fear you find a great deal of sameness.

Very respectfully,

J. W. MAGRUDER, *Examiner*

No. 4.

TREASURY DEPARTMENT,
OFFICE OF COMPTROLLER OF THE CURRENCY,
Washington, D. C., Jan. 9, 1891.

Mr. A. P. POTTER,
President Maverick Nat. Bank, Boston, Mass.:

SIR: Upon examination of your report of condition on Dec. 19, 1890, it is found that the lawful money reserve of your bank on that day was deficient to the extent of \$168,274, and under the provisions of section 5191, U. S. Revised Statutes it becomes my duty to notify you to make good such reserve.

You are respectfully referred to section 5191, United States Revised Statutes, as amended, which contains the following provisions:

"Whenever the lawful money of any association in any of the cities named shall be below the amount of twenty-five per centum of its deposits, and whenever the lawful money of any other association shall be below fifteen per centum of its deposits, such association shall not increase its liabilities by making any new loans or discounts otherwise than by discounting or purchasing bills of exchange payable at sight, nor make any dividend of its profits, until the required proportion, between the aggregate amount of its deposits and its lawful money of the United States, has been restored. And the Comptroller of the Currency may notify any association, whose lawful-money reserve shall be below the amount above required to be kept on hand, to make good such reserve."

Respectfully yours,

E. S. LACEY, *Comptroller.*

No. 5.

TREASURY DEPARTMENT,
OFFICE OF COMPTROLLER OF THE CURRENCY,
Washington, D. C., Jan. 9, 1891.

Mr. A. P. POTTER,
President Maverick Nat. Bank, Boston Mass.:

SIR: It appears from the report of condition of your bank on Dec. 19, 1890, that the following loans in excess of one-tenth of its capital stock have been made, viz: Fifteen loans, as per schedule on back of report aggregating, \$1,119,573.95.

Section 5200, United States Revised Statutes, prescribes that "the total liabilities to any association of any person, or of any company, corporation, or firm for money borrowed, including, in the liabilities of a company or firm, the liabilities of the several members thereof, shall at no time exceed one-tenth part of the amount of the capital stock of such association actually paid in."

Respectfully, yours,

E. S. LACY, *Comptroller.*

No. 6.

ROOM 25, 50 STATE STREET,
Boston, Mass., Jan. 26, 1891.

Hon. E. S. LACEY,
Comptroller of the Currency, Washington, D. C.:

DEAR SIR: I would like to consult you about some matters of business which I can explain, or communicate to you more satisfactorily in a personal interview than by correspondence, and I therefore ask your permission to visit Washington for the purpose.

If you approve will you do me the favor to telegraph me at the above address, on receipt of this, and let me know if you expect to be in Washington all this week, and will be able to give me an interview, and if you can do so I will start at once.

Very respectfully, yours,

J. L. W. MAGRUDER, *Exr.*

No. 7.

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, D. C., Jan'y 28th, 1891.

Hon. E. S. LACEY,
Comptroller of the Currency, Washington, D. C.:

DEAR SIR: I received your telegram yesterday morning in which you said that you could see me any day this week except Thursday afternoon, and I hoped to get away in time to call upon you to-morrow, Thursday morning, but I find that I will not be able to reach Washington until to-morrow at 11:20 a. m., at the earliest, so that I will not attempt to see you until Friday morning, when I hope, and expect, to be at your office.

Very respectfully,

J. W. MAGRUDER, *Exr.*

No. 8.

TREASURY DEPARTMENT,
OFFICE OF COMPTROLLER OF THE CURRENCY,
Washington, D. C., March 18, 1891.

Mr. ASA P. POTTER,
President Maverick Nat. Bank, Boston, Mass.:

SIR: Upon examination of your report of condition on February 26, 1891, it is found that the lawful money reserve of your bank on that day was deficient to the extent of \$18,770, and under the provisions of section 5191, U. S. Revised Statutes, it becomes my duty to notify you to make good such reserve.

You are respectfully referred to section 5191, United States Revised Statutes, as amended, which contains the following provisions:

"Whenever the lawful money of any association in any of the cities named shall be below the amount of twenty-five per centum of its deposits, and whenever the lawful money of any other association shall be below fifteen per centum of its deposits, such association shall not increase its liabilities by making any new loans or discounts otherwise than by discounting or purchasing bills of exchange payable at sight, nor make any dividend of its profits, until the required proportion, between the aggregate amount of its deposits and its lawful money of the United States, has been restored. And the Comptroller of the Currency may notify any association, whose lawful money reserve shall be below the amount above required to be kept on hand, to make good such reserve."

Respectfully yours,

E. S. LACEY,
Comptroller.

No. 9.

TREASURY DEPARTMENT,
OFFICE OF COMPTROLLER OF THE CURRENCY,
Washington, D. C., March 18, 1891.

Mr. ASA P. POTTER,
President Maverick Nat. Bank, Boston, Mass.:

SIR: It appears from the report of the condition of your bank on February 26, 1891, that the following loans in excess of one-tenth of its capital stock have been made, viz: 17 items, as per schedule on back of report.

Section 5200, United States Revised Statutes, prescribes that "the total liabilities to any association of any person, or of any company, corporation, or firm for money borrowed, including, in the liabilities of a company or firm, the liabilities of the several members thereof, shall at no time exceed one-tenth part of the amount of the capital stock of such association actually paid in."

Respectfully yours,

E. S. LACEY,
Comptroller.

No. 10.

TREASURY DEPARTMENT,
OFFICE OF COMPTROLLER OF THE CURRENCY,
Washington, D. C., April 3, 1891.

Mr. J. W. WORK,
Cashier Maverick Nat. Bank, Boston, Mass.:

SIR: It is found upon examination of your report of condition on February 26, 1891, that you have omitted to state in schedule of stocks, securities, and claims whether the following items entered therein were taken for "debts previously contracted, or otherwise," as required by the printed form, viz:

212 shares Syracuse Consolidated St. Ry.....	\$6,360
135 shares Pref. Louisville, Ky., St. Ry.....	10,800
365 shares Common Louisville, Ky., St. Ry.....	10,950

You are respectfully requested to furnish this information, and to see that similar information is given in future statements of condition.

Respectfully yours,

R. M. NIXON,
Deputy Comptroller.

No. 11.

MAVERICK NATIONAL BANK,
Boston, April 8, 1891.

Hon. R. M. NIXON,
Deputy Comptroller of the Currency, Washington, D. C.:

SIR: Replying to yours of the 3d inst., the 212 shares of Syracuse Consolidated Street R. Co., mentioned in our report, came to us as a bonus in a purchase of \$100,000 bonds. We have sold the bonds and have the stock left.

The Louisville, Ky., Street Railway came as a bonus on a purchase of \$100,000 street railway bonds of that city, and the price at which they are put in is the present market price and value.

Very respectfully, yours,

J. W. WORK.
C.

No. 12.

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, D. C., May 1, 1891.

Mr. ASA P. POTTER,
President Maverick National Bank, Boston, Mass.:

SIR: The report of an examination of your bank made on the 7th January last has been received.

The following loans appear to exceed the limit prescribed by Sec. 5200, U. S. R. S.:

Irving A. Evans & Co	\$134, 870	
W. L. Bliss (mem. of firm)	20, 000	
M. B. Tobey (mem. of firm)	20, 000	
	\$164, 870	
Edward J. Jenkins		40, 474. 85
Jones, Cook & Co	95, 000	
Chas. A. Sinclair (mem. of firm)	120, 864. 17	
		215, 864. 17
N. W. Jordan		49, 000
Charles E. Raymond		43, 049. 08
D. M. Sabin		182, 500
John W. Candler		43, 218. 73
W. L. Candler		40, 500
Nathan Matthews		55, 000
Linus M. Child		60, 000
Florida Commercial Co		72, 420. 67
Thos. M. Stevens		45, 000
Albert J. Hasler		49, 241. 76
John Reardon & Sons	32, 000	
Edmund Reardon (mem. of firm)	13, 730. 44	
		45, 730. 44
Cape Ann Granite Co		50, 000
Boston Fruit Co		46, 000
J. Reed Whipple		70, 000
L. P. Hollander & Co		50, 000
H. G. Dillaway & Co	4, 000	
H. G. Dillaway (mem. of firm)	39, 982. 11	
		43, 982. 11
City Bank of Hartford, Conn		53, 079. 28
Connecticut Trust and Safe Deposit Co., of Hartford, Conn		83, 340. 12
Thomas Dana & Co	40, 000	
Thomas Dana (mem. of firm)	10, 869	
W. O. Delano (mem. of firm)	51, 032. 56	
W. H. Raymond (mem. of firm)	40, 000	
Henry F. Brooks (mem. of firm)	2, 829. 09	
		144, 740. 65

The examiner states that in addition to the loans above listed made to Irving A. Evans & Co. and Jones, Cook & Co., loans to a considerable amount have been made to employés of these firms, payment of which is guaranteed by the firms named; and as these accommodations appear to have been granted for the benefit of the firms named, it would seem that the amount of same should properly be included in the liabilities of the firms for money borrowed.

It is noted that some of these excessive loans have been made to directors of your bank.

In this connection it is observed that the liability of the directors of your bank as payers (individual and firm) amounts to \$186,607.67, and that their liability as indorsers amounts to \$302,255.01. It is evident that the framers of the national-banking laws intended that the loans and discounts of an association should be widely distributed, and that no bank should undertake an account disproportionate to its capital. It is hoped that you will bear in mind the spirit as well as the letter of the law.

It appears from the report that your lawful-money reserve at date of examination was deficient to the extent of \$1,005,141.29, and that the average for the

thirty days preceding the date of examination was 23.97 per cent. The examiner states further that your reserve was insufficient on 122 days during the period since the last examination, June 29, 1889.

Your attention is respectfully called to Sec. 5191, U. S. R. S., which forbids national banks to increase their liabilities by making any new loans or discounts while there is a deficiency in the required reserve.

In this connection it is noted that your bank has borrowed \$250,000 from the First National Bank of New York, secured by collaterals belonging to your bank, and that in addition to this it had borrowed \$490,000 from various Boston banks, or a total of \$740,000; and that it appears to be your custom to borrow money in this way frequently.

From all this it would appear that the business of your bank is somewhat extended, and an earnest effort should be made to reduce the line of its accommodations to more reasonable limits; and it is respectfully suggested that reduction should first be made in the amounts representing accommodations in excess of the limit prescribed by Sec. 5200; and further, by reducing your large holdings of "stocks, securities, claims, etc."

Overdue paper is reported, amounting to \$160,388.24, of which \$146,518.24 is classed as "bad debts, as defined by Sec. 5204, U. S. R. S." Such of this paper as is good should be collected or made active by renewal, with satisfactory security for payment after a reasonable extension.

The examiner estimates that the loss on this paper will probably be from \$100,000 to \$125,000, and if his view in this matter is correct, the amount of such loss should be charged off.

Respectfully, yours,

E. S. LACEY,
Comptroller.

No. 13.

[Asa P. Potter, Pres. J. W. Work, Cash'r. B. C. Dommett, Ass't. Cash'r. Maverick National Bank. Capital, \$400,000. Surplus, \$300,000.]

BOSTON, May 12, 1891.

Hon. E. S. LACEY,
Comptroller of the Currency, Washington, D. C.:

DEAR SIR: I beg to acknowledge the receipt of yours of May 1st, and to state that the subject-matter shall have full consideration and the suggestions carried out.

I am, very respectfully, yours,

ASA P. POTTER, Pres't.

No. 14.

TREASURY DEPARTMENT,
OFFICE OF COMPTROLLER OF THE CURRENCY,
Washington, D. C., May 18, 1891.

Mr. A. P. POTTER,
President Maverick Nat. Bank, Boston, Mass.:

SIR: It appears from the report of condition of your bank on May 4, 1891, that the following loans in excess of one-tenth of its capital stock have been made, viz: Nineteen loans, as per schedule on back of report, aggregating \$1,439,911.44.

Section 5200, United States Revised Statutes, prescribes that "the total liabilities to any association of any person, or of any company, corporation, or firm for money borrowed, including, in the liabilities of a company or firm, the liabilities of the several members thereof, shall at no time exceed one-tenth part of the amount of the capital stock of such association actually paid in."

Respectfully yours,

E. S. LACEY,
Comptroller.

No. 15.

TREASURY DEPARTMENT,
OFFICE OF COMPTROLLER OF THE CURRENCY,
Washington, D. C., May 18, 1891

Mr. A. P. POTTER,
President *Maverick Nat. Bank, Boston, Mass.;*

SIR: Upon examination of your report of condition on May 4, 1891, it is found that the lawful money reserve of your bank on that day was deficient to the extent of \$456,807, and under the provisions of section 5191, U. S. Revised Statutes, it becomes my duty to notify you to make good such reserve.

You are respectfully referred to section 5191, United States Revised Statutes, as amended, which contains the following provisions:

"Whenever the lawful money of any association in any of the cities named shall be below the amount of twenty-five per centum of its deposits, and whenever the lawful money of any other association shall be below fifteen per centum of its deposits, such association shall not increase its liabilities by making any new loans or discounts otherwise than by discounting or purchasing bills of exchange payable at sight, nor make any dividend of its profits, until the required proportion, between the aggregate amount of its deposits and its lawful money of the United States, has been restored. And the Comptroller of the Currency may notify any association, whose lawful-money reserve shall be below the amount above required to be kept on hand, to make good such reserve."

Respectfully yours,

E. S. LACEY,
Comptroller.

No. 16.

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, D. C., June 30, 1891.

Mr. J. W. MAGRUDER,
National Bank Examiner, No. 50 State Street, Boston, Mass.:

SIR: I am in receipt of your favor of the 27th instant asking for leave of absence for two weeks from the 6th proximo. If there are no banks on your list about which you feel anxious and your work is sufficiently advanced, I know of no reason why you can not take the leave asked for, provided you keep this office advised each day where it may reach you by wire.

I would like to know whether or not there is any improvement in the condition of No. 677, and when it will be due for examination again.

Please give me the name of any other banks on your list about which you have any anxiety.

Very respectfully,

E. S. LACEY,
Comptroller.

No. 17.

[Personal.]

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Boston, Mass., July 2d, 1891.

Hon. E. S. LACEY,
Comptroller of the Currency, Washington, D. C.:

DEAR SIR: I have received your favor of the 30th ult'o, and am much obliged to you for acceding to my request for a leave of absence for two weeks. I shall not be able to get away on the 6th inst., as I expected to do, but for purely personal reasons, and not because of trouble in any of the banks on my list. When I do get away I will promptly inform you, and advise you where you

can reach me by wire each day. As to No. 677, while I can not speak from any knowledge of details since I examined it in January last, I do not suppose that there has been any material change in the loans reported, but it is, I think, in easier condition than it was then. There is every outward appearance of prosperity about the institution, and its manager claims that it is good and solvent beyond any possibility of doubt. I could not, of course, give you any definite information as to the condition of its affairs at this time of my own knowledge without informing myself by making another examination, which I should do at any time if you desire it, though it would probably excite remark if I should visit the bank again this year. In the ordinary course it will not be due for examination again until Jan'y 1, 1892, having been last examined on Jan'y 7, 1891. Its quarters have been greatly enlarged, and the improvements are just now about completed. Their completion was made the occasion of publishing a long description of them and of the bank generally in the Boston papers, and I send you to-day a copy of the Boston Herald containing the article, which you may care to see.

There are no other banks on my list about which I feel any anxiety at present, for though several of my banks will suffer considerable loss by reason of recent large failures in the leather trade and shoe-manufacturing trade here, their capital and surplus funds are, in my opinion, ample to protect their creditors.

Very respectfully, yours,

J. W. MAGRUDER, *Esq.*

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No. 18.

[Personal.]

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Boston, Mass., July 3, 1891.

Hon. E. S. LACEY,
Comptroller of the Currency, Washington, D. C.:

DEAR SIR: Referring again to No. 677, I think, perhaps, I should have added to what was stated in my letter of yesterday, that the institution has no paper of any of the concerns in the leather and shoe trades which have recently failed, and consequently it is not one of the banks that will suffer by reason of those failures.

Very respectfully, yours,

J. W. MAGRUDER, *Examiner.*

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No. 19.

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, D. C., July 21, 1891.

Mr. J. W. MAGRUDER,
Poland Springs Hotel, South Poland, Maine:

SIR: My attention has been called to the fact that there has been a rapid decline in the price of shares of the Boston and Maine Railroad and its leased lines, and that this depreciation in value may seriously affect certain banks in Boston.

I wish you would carefully examine your notes and advise me by return mail what national banks in that city hold shares of the stock alluded to, to what extent, and the margin carried, so far as you are able to do so upon present information.

I wish you would also advise me whether or not, in your opinion, the amount held in Boston would make it wise for you to proceed there for the purpose of examining specially as to this particular line of securities, by inquiry and verification in each case.

If on receipt of your letter I should desire to have you make such examination I will telegraph you, whereupon you can proceed to Boston and await a letter of instructions at your headquarters there.

Very respectfully,

E. S. LACEY,
Comptroller.

No. 20.

POLAND SPRING HOUSE,
So. Poland, Me., July 23, 1891.

Hon. E. S. LACEY,
Comptroller of the Currency, Washington, D. C.:

SIR: I have just received your letter of the 21st inst.

I am unable to comply literally with your instructions to advise you by return mail what national banks in Boston hold shares of the stock of the Boston and Maine Railroad Co. and its leased lines as collateral security for loans, to what extent, and the margin carried, because I have no memoranda of any of my examinations with me; but I do not believe that any bank in Boston holds any very large number of the shares of the company in question, except the Maverick, and that bank is probably in about the same condition as to holding the stock as it was when last examined by me.

The President of the Maverick is a director of the Boston and Maine, and largely interested in it, and, I think, thoroughly believes in it. It is universally conceded to be a very valuable property, and, notwithstanding the marked and rapid decline in the market quotations for its shares, I do not observe any pressure to sell the stock in large lots. The Boston Evening Transcript of yesterday, which I received at the same time as I received your letter, records sales of less than 100 shares of the stock yesterday at from \$165 to \$166 per share of \$100 each. At the same time, if circumstances should compel some of the heavy holders of the stock to sell it in large quantities, further and even greater declines in its market value would, in my opinion, unquestionably result, although the earnings of the company and its future prospects just as unquestionably warrant the opinion that the stock should command a much higher price than it does.

I may, of course, be entirely mistaken, but I do not believe that any trouble to any of the banks in Boston is going to result from the decline in the price of the B. and M. stock.

I shall await your further instructions, and if you shall desire me to obtain and communicate more definite information with regard to the subject-matter of your letter, I will proceed to Boston for that purpose upon the first train after receiving your telegraphic instructions to do so.

Very respectfully,

J. W. MAGRUDER,
Examiner.

No. 21.

TREASURY DEPARTMENT,
OFFICE OF COMPTROLLER OF THE CURRENCY,
Washington, D. C., July 27, 1891.

Mr. A. S. POTTER,
President Maverick Nat'l Bank, Boston, Mass.:

SIR: It appears from the report of condition of your bank on July 9, 1891, that the following loans in excess of one-tenth of its capital stock have been made, viz: 18 loans as per schedule on back of report.

Section 5200, United States Revised Statutes, prescribes that "the total liabilities to any association of any person, or of any company, corporation, or firm for money borrowed, including, in the liabilities of a company or firm, the liabilities of the several members thereof, shall at no time exceed one-tenth part of the amount of the capital stock of such association actually paid in."

Respectfully yours,

R. M. NIXON,
Deputy Comptroller.

No. 22.

TREASURY DEPARTMENT
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, D. C., July 31, 1891.

Mr. JOHN W. MAGRUDER,
Care Poland Springs Hotel,
South Poland, Maine:

SIR: Your letter in reference to the Boston and Maine Railroad stocks came to hand. After consultation with the Secretary I have decided to call upon the banks in Boston for a statement of all the shares of stock held by them upon a certain day, as security for loans, stating the par value, market value, and the amount for which these are held as security. When the reports come in if any further action is necessary it will be taken.

In the mean time I will be glad to have you inform me when you expect to return to Boston.

I am anxious to know what change has taken place in the conditions of No. 677 since your report of last January. Unless you have orders to the contrary you will proceed to make a careful examination of this bank immediately after your return to Boston, at the close of your present outing.

If you know of any reason why it would be unwise to make this examination, as suggested, please advise me fully and frankly.

You will also please advise me by return mail, whether in your opinion there are any banks in Boston about which any uneasiness may be properly felt. As there has been a steady and considerable decline in the stocks ordinarily held as collateral in the larger cities, it will be necessary that you should be unusually vigilant in looking after banks which may be unfavorably affected on account of such depreciation.

Very respectfully,

E. S. LACEY,
Comptroller.

No. 23.

POLAND SPRING HOUSE,
South Poland, Me., Aug. 1st, 1891. Saturday night, 9 o'clock.

Hon. E. S. LACEY,
Comptroller of the Currency, Washington D. C.:

SIR: Your letter of yesterday's date just received, and I answer at once, in order that you may have my reply at the earliest possible moment, though it will necessarily be somewhat delayed, as there is no mail from here between this hour and Monday morning, Aug. 3d.

I shall be in Boston Tuesday night, and at my office ready for work on Wednesday morning, Aug. 5th.

I do not believe that there is any bank in Boston about which you need feel uneasiness as to its solvency, for I can not but believe that No. 677 would be able to meet its obligations to its creditors, and that there is no other bank there that could not do so.

I shall, of course, proceed to make as careful an examination of the affairs of that bank as it is in my power to do, and will report the result thereof to you as promptly as possible. The affairs of the institution are so voluminous that it will probably take from 18 days to three weeks to make the examination and prepare a report of it to you. Such examination will undoubtedly, in my opinion, excite considerable remark in Boston, as No. 677 is looked upon with no favors, to say the least, by many of the banks, and it is known that it has already been examined during the current year, and I think the opinion will at once be formed, and probably voiced, that another examination at this juncture would not be made unless ordered by the Department for reasons not favorable to the standing of the bank.

There is, as you are doubtless aware, a general feeling of distrust prevailing in banking and business circles, though there may be nothing absolutely tangible upon which to base it, as regards any particular bank or business house, and I think that any unusual course toward any bank now taken might result in injury to the credit and standing thereof; whereas the same course would, under ordinary circumstances, have no appreciable effect.

I express these views fully because you desire me to advise you fully and freely if I know of any reason why it would be unwise to make the suggested examination of No. 677, and not because there is or can be any possible objection on my own part to making the examination if you desire it.

It is, it seems to me, a question of policy concerning which my judgment, as indicated by what I have written, may be entirely at fault; but be that as it may, I shall, as stated above, proceed to make the examination if you shall still desire it.

I regret to say that I am not at all well in health, not having derived as much benefit from my sojourn here as I had hoped to do, and I am sorry that I did not request a longer leave of absence; but in view of the uneasiness in the general situation, and what I infer to be your desire that I shall return to my post as soon as possible, I shall not request an extension of my leave, and merely mention the fact of being rather out of health as a reason why it may take considerable time to make the examination in question, as I shall not perhaps be able to work so many hours each day as I usually do when examining a large bank like No. 677.

If, upon consideration, and after reading this communication, you shall conclude that the examination should be made, will you please so instruct me by telegraph in time for me to get your dispatch before 2 o'clock on Wednesday next, Aug. 5th.

I take the liberty of sending this to you under cover marked "Personal."

Very respectfully,

J. W. MAGRUDER,
Examiner.

No. 24.

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, D. C., Aug. 4, 1891.

Mr. J. W. MAGRUDER,
*National Bank Examiner,
50 State Street, Boston, Mass.:*

SIR: Your favor of the 1st instant has come to hand and contents noted. The objections urged by you have been fully considered, and are recognized as having some force. The last examination, however, on January 7th, was made out of season. No. 677 was examined in 1880 on May 28th, in 1889 on June 29, in 1890 it was not examined, but was examined on the 7th of January, some six months after it was due. The examination, therefore, in last January was for the year 1890, and the examination at the present time will simply bring the date of examination back to its proper time, as compared with the examination of prior years.

On reflection, however, I have concluded that you may examine some other bank of excellent reputation prior to taking up No. 677. You may, however, after examination of one other bank, proceed to examine No. 677 upon the theory that the last examination made by you was for the year 1890, and that the examination for the current year is now due.

Very respectfully,

E. S. LACEY,
Comptroller.

No. 25.

THE MAVERICK NATIONAL BANK,
Boston, Mass., Oct. 13, 1891.

Hon. E. S. LACEY,
Comptroller of the Currency, Washington, D. C.:

SIR: In compliance with the request contained in your circular letter of July 31, 1891, I have to report that the following is a statement showing the name, number, par and present market value, and the amount of loans thereon, of stocks held as collateral security by this association on August 4, 1891:

Name of corporation issuing shares.	No. of shares.	Aggregate par value.	Market price per share.	Present aggregate market value.	Amount of loan for which pledged.
Alouez Mining Co	50	\$1,250	\$2.00	\$100.00	\$75.00
Aitchison, Topeka and Santa Fe R. R.	922	92,200	32.50	29,965	23,050
Cabot Manufacturing Co	25	500	800	800	500
Chicago and West Division R. R.	1	2,500	600	15,000	5,685
Cleveland and Canton R. R., pref'd	2,000	200,000	21	42,000	30,000
Do common	90	90,000	5	4,500	2,700
West End Land	18,336		17	311,712	220,032
West End Ry., common	694	34,700	68	47,192	41,640
Do pref'd	252	12,600	82	20,664	18,900
Florida Southern Rwy	483	48,300	25	12,075	9,660
Florida Commercial Co.	1,000	100,000	100	100,000	100,000
Plant Investment Co	100	10,000	100	10,000	6,090
Sullivan Harbor Land	500	2,500	40	200	200
American Sugar Refining Co.	100	10,000	77	7,700	7,000
Electric Luster Starch Co	17	1,700	300	5,100	4,500
East Middlesex St. Ry	10	1,000	100	1,000	800
Topeka (Kans.) Rapid Transit Ry. Co	50	5,000	50	2,500	2,500
Union Loan and Trust Co., Sioux City, Iowa	10	1,000	120	1,200	1,000
Bay State Gas Co	230	11,500	29	6,670	4,600
Brookline Land Co	925		4.50	4,162.50	3,287.50
Boston and Chattanooga Syndicate	800	80,900	100	80,900	70,000
Hotel Welsly Co	300	20,000	100	20,000	20,000
So. California R. R. pref'd	100	10,000	11	1,100	700
Fort Worth (Texas) Land St. Ry. Co	300	30,000	100	30,000	24,000
Atlantic Mining Co	50	1,750	20	1,000	750
Thompson Electric Welding Co.	60	6,000	50	3,000	2,400
Centennial Mining Co	130	3,250	16½	2,145	1,625
Duluth, Lake Shore and Atlantic Ry. Co	225	22,500	15	3,375	2,250
Atlantic and Pacific Ry., common	400	40,000	6	2,400	1,000
Herron Copper Co	150	3,750	3	450	300
Franklin Mining Co	435	17,400	15½	6,525	4,350
Rutland R. R. (Vt.), common	100	10,000	5	500	300
Bussel Trimmer Co	428	4,280	5	2,190	1,314
East Boston Co	1,700		4½	7,650	5,100
Frenchman's Bay and Mt. Desert Land and Water Co. (Maine)	2,100	10,500	5	10,500	6,900
St. Louis Cable and Western R. R.	150	15,000	100	15,000	12,750
Tamarack Mining Co	6	150	150	900	780
Lawson Cons. Stove Service Co	50	2,500	19	950	750
Winona Paper Co	76	7,600	100	7,600	7,600
Charles River Embankment Co	499	49,900	100	49,900	38,865
Iron R'y Co. of Ohio	135	13,500	50	6,750	5,400
McKay Metallic Fastening and N.	17		22½	490	408
Central Mass. R. R.	50	5,000	17	850	700
San Diego Land and Town Co	290	7,250	18	5,220	4,350
Illinois Steel Co	25	2,500	80	1,500	1,250
Thomson Harsha Internal and Electric Pavnt Co	5	500	175	875	750
Do Electric	20	500	50	1,000	800
Morley Button Sewing M'ch Co	14,028	140,280	10	140,280	98,196
Cambridge Electric Light Co	10	1,000	100	1,000	900
Brighton Ranch Co	30	3,000	50	1,500	1,200
Winthrop Shore Land, O.	870		100	870	800
Boston, Maine R. R.	352	35,200	175	61,600	56,320
Detroit Electric Works	200	2,000	9	1,800	1,000
American Bell Telephone Co	68	6,800	175	12,104	10,880
Merchants' Nat'l Bank, Manchester, N. H.	35	3,500	110	3,850	3,500
Summit Branch R. R.	500	25,000	5	2,500	2,000
Eastman Freight Car Heater Co	340	2,400	2	480	400
Swift & Co.	20	2,000	100	2,000	2,000
Boston Live Stock Co	45	4,500	100	4,500	4,000
Boston and Colorado Smelting Co	40	4,000	150	6,000	1,300
Wisconsin Central R. R., common	175	17,500	16½	2,887.50	1,750

Name of corporation issuing shares.	No. of shares.	Aggregate par value.	Market price per share.	Present aggregate market value.	Amount of loan for which pledged.
Union Glass Co.....	93	\$9,300	\$400.00	\$37,200	\$27,900
Colorado Real Estate Co.....	55	5,500	110	6,050	5,500
Santa Fe Copper Co.....	40,000	400,000	50	20,000	16,000
Chicago, Burlington and Quincy R. R.	320	32,000	81½	26,080	24,000
National Bk. of Commerce, Kansas City.....	50	5,000	130	6,500	5,000
Citizens' Bank, Council Bluffs, Ia.....	50	5,000	150	7,500	5,000
Industrial Trust Company, Providence, R. I.....	50	5,000	130	6,500	5,000
Quincy Market Cold Storage Co.....	12	1,200	100	1,200	1,000
Aztec Land and Cattle Co.....	75	7,500	100	7,500	6,000
California Nat. Bk., San Diego, Calif.....	25	2,500	125	3,125	2,500
Continental Nat. Bk., St. Louis, Mo.....	25	2,500	120	3,000	2,500
Boston Cab Co.....	35	3,500	100	3,500	3,000
Manatee Cattle Co., Florida.....	100	10,000	100	10,000	7,500
New York and New England R. R.: Common.....	953	95,300	33.50	31,925.50	29,500
Pref'd.....	100	10,000	95.50	9,550	9,000
Wyoming Nat. Bk., Laramie, Wyo.....	50	5,000	120	6,000	5,000
Riverside Live Stock Co.....	160	16,000	125	20,000	18,000
Bank of Americus, Ga.....	50	5,000	120	6,000	5,000
First Nat. Bank, Rockland, Mass.....	5	500	100	500	350
East Tennessee Land Co.....	9	450	34.50	310.50	300
Flint Pere Marquette R. R., pref'd.....	200	20,000	65	13,000	10,000
Cape Ann Granite Co.....	250	25,000	200	50,000	10,000
Arlington Heights Land Co.....	800	16,000	10	8,000	4,500
Brockton St. R. Co.....	340	34,000	140	47,600	34,700
Union Pacific R. R.....	90	9,000	41	3,690	3,400
Calumet & Hecla Mining Co.....	10	250	245	2,450	1,000
Dolber Goodale Co.....	200	20,000	120	24,000	13,000
Nat'l Bank of Dallas, Texas.....	200	20,000	124	24,800	10,000
Boston and Albany R. R.....	11	1,100	200	2,200	2,000
Toledo, St. Louis and Kansas City R. R., pref'd.....	400	40,000	25	10,000	8,000
Dedham, Mass., Nat. Bank.....	5	500	120	600	500
Dedham, Mass., Electric Co.....	10	1,000	115	1,150	1,000
Malden Electric Co.....	51	-----	120	6,120	5,500
Cambridge Field Co.....	1,200	-----	5	6,000	4,800
Southern Phosphate Co., Atlanta, Ga.....	245	24,500	100	24,500	20,000
Winnsummet Co.....	325	-----	25	8,125	2,500
Black Rock & Salisbury Beach Ry. Co.....	60	6,000	100	6,000	2,500
National Water Works Co., N. Y.....	150	15,000	100	15,000	10,000
Beemer, Nebr., State Bank.....	20	2,000	100	2,000	1,000
Farms & Mchts. Nat. Bank, Fremont, Nebr.....	29	2,900	100	2,900	1,500
Farmers & Merchants Bank, Valley, Nebr.....	10	1,000	100	1,000	500
United Telegram Co.....	100	2,500	25	2,500	1,500
Merchants' Nat'l Bank, Tacoma, Wash.....	250	25,000	125	31,250	25,000

I, J. W. Work, cashier of the above-named bank, do solemnly swear that the above statement is true according to the best of my knowledge and belief.

J. W. WORK,
Cashier.

STATE OF MASSACHUSETT, *County of Suffolk:*

Sworn to and subscribed before me this 13th day of October, 1891.

[SEAL.]

CHARLES F. KELLOGG,
Notary Public.

No. 26.

[50 State street, room 25, P. O. box 2362.]

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Boston, Mass., August 5, 1891.

Hon. E. S. LACEY,
Comptroller of the Currency, Washington, D. C.:

SIR: Your letter of yesterday's date, 4th instant, was received by me this afternoon, but too late to commence the examination of a bank to-day. Your instructions as to first examining some other bank, and upon its completion to examine No. 677 are duly noted, and shall be complied with.

I should have commenced an examination to-day if your instructions had been received in time.

As it is, I will commence one to-morrow.

Very respectfully,

J. W. MAGRUDER,
Examiner.

No. 27.

MAVERICK NATIONAL BANK,
Boston, August 7th, 1891.

DEAR MR. LACEY: It's some time since I have had this pleasure. In the interim finances and banking have been eventful, and two or three times I was tempted to write you giving my views of the local situation, but having a notion that a public officer is often bored with gratuitous correspondence, I refrained, feeling sure that you knew my views were at your disposal and would be asked if required.

Happily we are practically back to a normal condition, and with the improvement in general business which we feel sure is with us, the past will only linger as history.

I hope that you are having a comfortable summer, and wish that the cool breezes of our Boston Harbor could tempt you.

My purpose in this note is regarding your circular of July 31st, received yesterday.

Our practice in loaning on call and demand is such that it is nearly an impossibility to answer the questions.

For instance, we loan, say, \$40,000 on "satisfactory collateral." It is brought in by the broker's clerk, and the market value is, say, \$50,000 to \$60,000. It is made up of stocks and bonds. We scarcely ever fix a particular amount that we advance on each item. Of course, if it is a loan on one stock, why then it is plain, but the course of business is such that it is usually not. Then, again, collaterals are changed sometimes oftener than once a day, and the substitution is something of equal market value.

I speak of this because our collateral clerk handed me the circular last night as I was leaving the bank, and gave these reasons as to the impossibility of answering the questions. I took it home and read it over, and I must say I could not gainsay him.

Our embarrassment in this matter will, I think, commend itself to you, and I shall appreciate any suggestion you will make me.

With regards, I am yours, very truly,

ASA P. POTTER.

Hon. E. S. LACEY,
Washington, D. C.

No. 28.

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Boston, August 7th, 1891

Hon. E. S. LACEY,
Comptroller of the Currency, Washington, D. C. :

SIR: As you said in your letter of July 31st ulto. that you are anxious to know what change has taken place in the condition of No. 677 since the examination of last January, I have made some inquiries as to how the bank has been running recently, and particularly while I was away from the city on my recent vacation, and I think you may be interested to know the result of my inquiries, and therefore write you.

You are probably aware that money has been quite scarce in this market, and has commanded much higher rates than in New York, and I was prepared to hear that No. 677 had found it necessary to borrow considerably, but on inquiring at the Second National Bank, which is one of the strongest banks here, and never borrows from its neighbors, I was informed, and I confess quite to my surprise, that the available funds for transactions between banks at the clearing house were pretty well concentrated in the Second and No. 677. The latter has for some little time past, it seems, been an almost constant lender to other banks on the street, its loans of that kind having reached as high as \$1,000,000, and having averaged daily between \$500,000 and \$600,000, if I am correctly informed, and I believe that my information is reliable.

This, of course, indicates an easy condition as to money with No. 677, which is rather exceptional among the banks of this city just now, as you will readily understand when I tell you that the rate for loans between banks at the clearing house is, and has for some days been 7 per cent; that call loans on collateral command the same rate, and that regular customers are obliged to pay their banks 6 per cent for needed accommodation, which is a pretty high rate for this market when the balances kept by regular customers are taken into consideration.

Another favorable feature with regard to No. 677 is that Boston and Maine R.R. stock has advanced quite considerably from the lowest point it reached in the recent decline, which was about \$160 per share, rights off, or \$181.50 say, with rights on. The quotation to-day is \$175 rights off, which is equivalent to \$196.50 per share rights on. There does not appear to be any pressure to sell the stock, and it is claimed that dividends at the rate of 10 per cent per annum, the rate heretofore paid, can be maintained, and persons who are generally well informed express the opinion that the stock is bound to advance still more in price.

Very respectfully,

J. W. MAGRUDER, *Examiner.*

P. S.—There has also been a handsome advance in West End Ry. common stock, which sold at \$70 per share to-day. Par value \$50.

No. 29.

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, D. C., Sept. 21, 1891.

Mr. J. W. MAGRUDER,
National Bank Examiner, 50 State street, Boston, Mass.

SIR: Mr. Ewer's letter of Sept. 10th came to hand by due course of mail, from which I learn, with regret, that you were taken ill during your examination of the Maverick National Bank, and was unable to remain with him until its completion. I am pleased to notice that you are improving, and write now to suggest that you should not commence work too soon, but take sufficient time to get strong before entering upon the severe labors which await you. In this connection I would suggest, if it meets your approval, that you might select certain banks requiring the least labor and let Mr. Ewer go forward alone with the examination of them, with the understanding that you are to receive the avails of the fees in each case and he to receive his regular salary. In this way the work would not entirely cease, and you could take time to thoroughly convalesce before entering upon your labors.

Very respectfully,

E. S. LACEY, *Comptroller.*

No. 30.

[Asa P. Potter, Pres., J. W. Work, Cashr., C. C. Domett, Asst. Cashr. Maverick National Bank. Capital, \$400,000. Surplus, \$300,000.]

BOSTON, September 23d, 1891.

Hon. COMPTROLLER OF CURRENCY,
Washington, D. C.:

SIR: Yours of the 21st inst., referring to your request in your circular of July 31st, is received.

We had commenced the schedule, but ceased work, inasmuch as the national bank examiner was in our bank and we had supposed that his report would cover your request.

We will immediately resume our schedule and forward it to you with as little delay as possible.

Yours, respectfully,

J. W. WORK.

No. 31.

BOSTON, Sept. 24, 1891.

Hon. E. S. LACEY,
Washington, D. C.:

MY DEAR SIR: I want to acknowledge and thank you for your kind letter of the 21st instant, which was received yesterday. I am unable to write much as yet, and not at all with my own hand, but am gradually gaining in health and strength, and hope to be able to resume my duties in some measure at least in a comparatively short time. In the mean time I do not think that the interests of the service will suffer, as I am confident that under such supervision as I can exercise, Mr. Ewer will do such work as is entrusted to him in a manner satisfactory to you.

I have requested him also to acknowledge your letter, and again thanking you for your kindness, which I assure you is deeply appreciated, I remain,

Very truly, yours,

J. W. MAGRUDER,
Per S. M.

No. 32.

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, D. C., Sept. 25, 1891.

Mr. ASA P. POTTER,
President Maverick National Bank, Boston, Mass.:

SIR: The report of an examination of your bank, made on the 18th ultimo, has been received.

It appears from the report that your bank has made 26 loans exceeding the limit of section 5200, U. S. Revised Statutes. Of these 26 the following are especially prominent:

Jones, Cook & Co.....	\$72,000.00
Frank Jones, member of firm.....	20,000.00
Charles A. Sinclair, member of firm.....	120,864.17
	<hr/>
	212,864.17
	<hr/>
Irving A. Evans & Co.....	162,722.50
William S. Bliss, member of firm.....	10,000.00
Austin B. Tobey, member of firm.....	15,000.00
	<hr/>
	187,722.50
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Thomas Dana & Co.....	\$15,000.00
Thomas Dana, member of firm.....	24,731.50
W. O. Delano, member of firm.....	49,032.56
W. H. Raymond, member of firm.....	40,000.00
H. F. Brooks, member of firm.....	2,725.00

131,489.06

It is respectfully suggested that these loans be reduced to the lawful limit.

The general condition of the association seems to have improved since the last examination. The Comptroller is gratified to notice that your association appears less frequently as a borrower of clearing-house banks, and that it has of late frequently appeared as a lender instead.

The Comptroller desires to call your attention to the fact that three of your directors, together with the firms of which they are members, have endorsed or guaranteed paper amounting to a very considerable sum. The directors alluded to are Messrs. Asa P. Potter, Thomas Dana, and Jonas H. French. If you will cause to be listed the paper upon which these gentlemen, or the firms of which they are members, are in some form responsible, you will find that the aggregates assume very considerable proportions. The Comptroller deems it but necessary to call your attention to this fact to cause a gradual but steady retirement of such paper, to the end that the interests of the bank may not be placed in jeopardy by any of the vicissitudes which are incident necessarily to trade and commerce, no matter how conscientious and intelligent the management may be.

It is also hoped that no desire to accommodate the customers of the bank, or disposition to add to its earnings, will induce the bank to loan so liberally as to habitually weaken its reserve or cause it to resume its place as a frequent borrower of clearing-house banks.

Very respectfully,

E. S. LACEY,
Comptroller.

No. 33.

MAVERICK NATIONAL BANK,
Boston, September 23, 1891.

Hon. E. S. LACEY,
Comptroller of Currency, Washington, D. C.:

SIR: Yours of the 25th received this date and contents duly noted. All the suggestions you make are duly heeded and will be carried out.

Very respectfully, yours,

ASA P. POTTER, Pt.

No. 34.

TREASURY DEPARTMENT,
OFFICE OF COMPTROLLER OF THE CURRENCY,
Washington, D. C., October 7, 1891.

Mr. ASA P. POTTER,
President Maverick Nat. Bank, Boston, Mass.:

SIR: Upon examination of your report of condition on Sept. 25, 1891, it is found that the lawful-money reserve of your bank on that day was deficient to the extent of \$14,160, and under the provisions of section 5191, U. S. Revised Statutes, it becomes my duty to notify you to make good such reserve.

You are respectfully referred to section 5191, U. S. Revised Statutes, as amended, which contains the following provisions:

"Whenever the lawful money of any association in any of the cities named shall be below the amount of twenty-five per centum of its deposits, and whenever the lawful money of any other association shall be below fifteen per centum of its deposits, such association shall not increase its liabilities by making any new loans or discounts otherwise than by discounting or purchasing bills of exchange payable at sight, nor make any dividend of its profits until the required

proportion between the aggregate amount of its deposits and its lawful money of the United States has been restored. And the Comptroller of the Currency may notify any association whose lawful-money reserve shall be below the amount above required to be kept on hand to make good such reserve."

Respectfully, yours,

E. S. LACEY,
Comptroller.

No. 35.

TREASURY DEPARTMENT,
OFFICE OF COMPTROLLER OF THE CURRENCY,
Washington, D. C., October 7, 1891.

Mr. ASA P. POTTER,
President Maverick Nat. Bank, Boston, Mass.:

SIR: It appears from the report of condition of your bank on Sept. 25, 1891, that the following loans in excess of one-tenth of its capital stock have been made, viz: 21 items, as per schedule on back of report.

Section 5200, United States Revised Statutes, prescribes that "the total liabilities to any association of any person, or of any company, corporation, or firm, for money borrowed, including in the liabilities of a company or firm the liabilities of the several members thereof, shall at no time exceed one-tenth part of the amount of the capital stock of such association actually paid in."

Respectfully, yours,

R. M. NIXON,
Deputy Comptroller.

No. 36.

TREASURY DEPARTMENT,
OFFICE OF COMPTROLLER OF THE CURRENCY,
Boston, October 28th, 1891.

Hon. E. S. LACEY,
Comptroller of the Currency, Washington, D. C.:

SIR: Your telegram of the 27th instant was duly received. Have given to the chairman of the committee the information requested, which was received with amazement.

The gentlemen composing the committee are men of the strictest integrity and are desirous of acting for the best interest of all. It was their feeling at the meeting of the committee last evening that it was their duty as the clearing-house committee, to investigate the affairs of the Maverick, for the benefit of the association.

They had had a conference with its president this morning and are to have another later to-day.

The bank was allowed to make its clearing this morning in the usual manner.

If an investigation is made as contemplated, the suspension of the bank and a panic here is probable.

I am informed by a member of the committee present at the conference this morning, that assurances were made by the president of the bank named that the necessary reforms would be made at once, either to-day or to-morrow, and that the committee are reasonably confident that he would fulfill his promise and thereby avert any disaster.

Telegraphic offers of assistance from responsible banks and bankers of New York, induced by newspaper publications considered shameful by them, have been freely tendered to the bank here.

Shall watch developments and endeavor to keep you informed of the situation.

In case of necessity for telegraphing you, shall use, so far as is possible, the telegraphic cipher received in communication from your office under date of September 30, 1886.

Mr. Magruder is now a very sick man, and it does not seem right to seek counsel of him.

Very respectfully,

ALFRED EWER,
Examiner.

No. 37.

MAVERICK NATIONAL BANK,
Boston, October 13th, 1891.

Hon. E. S. LACEY,
Comptroller of Currency, Washington, D. C.:

SIR: I herewith enclose you statement called for in your circular letter of July 31st, 1891.

Very respectfully,

J. W. WORK.

 No. 38.

BOSTON, October 29, 1891.

Hon. E. S. LACEY,
Comptroller of the Currency, Washington, D. C.:

SIR: Assistant Examiner Ewer gave to me, in accordance with your authority, and I made known to the clearing-house committee, some of the information contained in the report of the examination of the Maverick National Bank of Boston, of date August 18, 1891. It appears therefrom that three of the directors, Messrs. Potter, French, and Dana, owe the bank, as direct promissors or as endorsers, or as guarantors of notes signed by clerks of the bank and others, about two million four hundred and ninety thousand dollars.

Of this Mr. Potter owes about one million three hundred and fifty thousand dollars, made up partly of his own notes, partly of notes of parties believed to be good, partly of notes of clerks of the bank of which he is president, and others, a part of which we believe to be of very little, if any, value, the whole indebtedness being also partly protected by collateral, leaving the amount dependent on Mr. Potter's single name, in the judgment of the committee, fully five hundred thousand dollars.

Mr. French owes about seven hundred and fifty thousand dollars, and made up of his own notes, of notes made by parties believed to be good, of notes made by parties believed to be financially irresponsible, collateral being also held generally for the indebtedness, leaving the amount dependent on Mr. French's single name, according to the official report, two hundred and thirty-four thousand dollars. Mr. Dana, including the indebtedness of Thomas Dana & Co., owes the bank, in the manner previously stated, about three hundred and ninety thousand dollars.

Mr. Potter states to the committee that the present condition of the bank is practically the same as it was August 18, excepting that the bank has lost two hundred thousand dollars, and perhaps two hundred and fifty thousand dollars, through Evans since that date.

It appears that the market value of the stocks, bonds, etc., reported as eight hundred and eighty-four thousand dollars was ninety-two thousand dollars less by the official report.

Mr. Potter informs the committee that the indebtedness of himself and of French shall be paid on Monday next, that Dana will be unable to withdraw his indebtedness in less than sixty days.

Under the by-laws of the Clearing-House Association the committee have the right to examine a bank and suspend it from the clearing, but as this action might cause a run on the bank, to the great detriment of many of the depositors and creditors, they will only exercise that right when found necessary for the safety of the other banks which settle through the clearing house.

With suspension from the clearing house their power ceases.

On your department devolves the protection of the general creditors of the bank.

The bearer, Edward W. Hutchins, is the counsel and accredited representative to you of our committee.

Respectfully,

THOS. P. BEAL,
Chairman Clearing-House Committee.

Approved:

F. HAVEN, JR.
MOSES WILLIAMS.
PHINEAS PIERCE.
A. L. NEWMAN.

No. 39.

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, D. C., October 30, 1891.

Mr. ALFRED EWER,
National Bank Examiner, Boston, Mass. :

SIR: I have this day received a letter from the clearing-house committee, by the hand of Mr. E. W. Hutchins, whom they constitute their representative, for the purpose of discussing the condition of No. 677, and measures looking to the protection of its creditors.

Mr. Hutchins informs me that the committee is not prepared to give it as their opinion that insolvency now exists, but they do consider its condition very serious.

They estimate a loss of about \$250,000 on Irving A. Evans & Co.'s paper, direct and contingent. Other anticipated losses may bring the total up to such an amount as to almost or quite absorb the capital, surplus and undivided profits. After fully discussing the situation I have decided to clothe you with the full powers of a national bank examiner, with authority to act as the exigencies of the case may require. You will put yourself in full communication with the clearing-house committee and consult them freely as to everything connected with the bank. You are authorized to close it, and take charge of all assets.

(1) In case the clearing-house committee shall suspend it from the privileges of the clearing house.

(2) In case said committee shall inform you that in its judgment the bank is insolvent.

(3) In case it fails to clear or commits any act of insolvency.

(4) In case run of any consequence upon the bank should commence.

(5) In case the directors of the bank shall fail on or before Monday next to replace the paper held by the bank and made by them or for which they are liable, to such an extent as to make the bank's solvency unquestioned in the opinion of the clearing-house committee and yourself.

You are authorized to make such further examination of the affairs of the bank as you or the committee may deem necessary and prudent, especially as to the general line of loans and discounts.

You will generally take such measures as will aid the bank if solvent, and protect its creditors if insolvent, always carefully considering the advice of the clearing-house committee whom you will consult at all times.

Advise me fully by wire and letter, using cipher.

Very respectfully,

E. S. LACEY,
Comptroller.

No. 40.

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, D. C., Oct. 31, 1891.

Mr. ALFRED EWER,
National Bank Examiner, 50 State street, Boston, Mass.:

SIR: Your favor of the 30th instant came to hand to-day, as did also your telegram of this date, stating that No. 677 was the gainer at the clearing-house to day.

You have no doubt received my communication of the 30th by the hand of Mr. Hutchins, in which I gave very explicit instructions in reference to your duty. After carefully rereading it to-day I do not see any reason to change it in any respect. The situation is a very grave one and of necessity you and the clearing-house committee who are on the ground and fully conversant with all the facts and circumstances can form a better judgment as to what is necessary to be done than I can.

I am informed by Mr. Hutchins that the clearing-house committee is one of exceptional ability and composed of men who will act with the greatest caution and with strict impartiality. I do not see how you could be more safely advised than through them. The moment it appears to the satisfaction of yourself and the committee that the bank is insolvent it should be closed without delay, for we can not in justice to the general public afford to permit it to receive deposits when that time arrives. On the other hand, it should not be closed until the fact shall appear warranting the belief in its insolvency, as we should avoid by all means the loss and inconvenience resulting from the locking up for an indefinite period nearly \$10,000,000 belonging to its depositors.

Mr. Hutchins said to me that Mr. Potter had agreed to take out all the paper upon which he and Jonas H. French were directly or indirectly liable on Monday and put in its equivalent in cash. If Monday should come and pass without his having done so it will be for you and the committee to decide whether any further time shall be given him or not. If you act upon the advice of the committee you will no doubt do what is wisest and best under the circumstances, and you are authorized to so act.

Very respectfully,

E. S. LACEY,
Comptroller.

No. 41.

FIRST REPORT.

Report of the condition of the *Maverick National Bank, of Boston, Mass., in the hands of receiver at date of suspension, Oct. 31, 1891.*

ASSETS.		Total.	Good.	Doubtful.	Worthless.
1	Assets at date of suspension, viz:				
2	Bills receivable (schedule with first report)	\$6,166,610.34	\$1,612,507.86	\$3,780,506.11	\$772,597.37
3	Other assets (schedule with first report)	3,517,848.96	2,550,903.63	966,940.32	-----
4	Excess of bonds over circulation	5,000.00	5,000.00	-----	-----
5	Total assets at date of suspension				
6	Additional assets coming into possession of receiver since suspension (Schedule A)				
7	Premium, interest, rent, etc. received since suspension (Schedule B)				
8	Total assets at this date	9,689,454.29	4,169,411.49	4,747,445.43	772,597.37
DISPOSITION OF ASSETS.					
9	Amount collected by receiver to date:				
10	From bills receivable (Schedule C)				
11	From other assets on hand at date of suspension (Schedule D)				
12	From other assets acquired since suspension (Schedule E)				
13	From premium, interest, rent, etc. (Schedule F)				
14	Total amount collected by receiver				
15	Offsets allowed and settled on bills receivable (Schedule G)				
16	On other assets (Schedule G)				
17	Losses on promissory notes and other assets compounded or sold by order of court:				
18	On bills receivable (Schedule H)				
19	On other assets (Schedule H)				
20	Assets on hand at date of this report:				
21	Bills receivable (Schedule J)				
22	Other assets at date of suspension (Schedule K)				
23	Other assets acquired since suspension (Schedule L)				
24	Amount collected by Comptroller from premium, interest, etc. (Schedule M)				
25	Total				

COLLECTIONS.		DISPOSITION OF COLLECTIONS.	
26	Amount collected by receiver:	32	Loans paid, and other disbursements (Schedule O)
27	From good assets	33	Dividends paid by Comptroller's checks
28	From doubtful assets	34	Legal expenses paid (Schedule P)
29	From worthless assets	35	Receiver's salary paid to date
30	From assessment of _____ per cent. on stockholders, \$ _____ (Schedule N)	36	All other expenses (Schedule R)
31	Amounted collected by Comptroller	37	Balance in hands of Comptroller
		38	Balance in hands of receiver as per statement of receipts and disbursements
		39	Disbursements and balances
	Total collections		

Report of the condition of the *Maverick National Bank, etc.*—Continued.

LIABILITIES.

AT DATE OF SUSPENSION.		AT DATE OF REPORT.		
40	Individual deposits, (Schedule with first report)	2,956,832.64	47	Claims proved, for liabilities, shown by the books.....
41	Public deposits (Schedule with first report)		48	Claims in dispute (Schedule S)
42	Certificates of deposit (Schedule with first report)	110,573.74	49	Liabilities not proved, as shown by the books (Schedule T)
	Certified checks	48,029.54	50	Liabilities canceled by offset and otherwise (Schedule U)
43	Due to national banks (Schedule with first report)	4,123,463.55	51	Contingent liabilities discharged (Schedule V)
44	Due to other banks and bankers (Schedule with first report)	1,143,725.47	52	Total as per contra
45	Rediscounted paper and other contingent liabilities (Schedule with first report)		53	Claims proved as above.....
	Dividends unpaid	100.00	54	Claims established, not on the books (Schedule W)
46	Total	8,382,724.94	55	Total claims proved.....

DIVIDENDS.

56	Dividend checks received from Comptroller (per cent. of principal)	59	Dividend checks delivered
57	Dividend checks received from Comptroller (per cent. of interest)	60	Dividend checks on hand.....
58	Total	61	Total

THOS. P. BEAL,
Receiver.

No. 42.

[THOMAS P. BEAL, Receiver.]

SUMMARY.

Schedule of other assets (with first report) as shown by the books of the Maverick National Bank of Boston at date of suspension, October 31, 1891.

Number.	Description.	Good.	Doubtful.	Worthless.
	Bills receivable:			
	Time loan	1,235,712.90	1,316,180.43	198,099.37
	Demand loan	377,794.96	2,464,324.68	574,498.00
		1,613,507.86	3,780,505.11	772,597.37
	Other assets:			
	Individual overdrafts		3,719.76	
	Due from national banks and other banks and bankers	1,141,408.08	10,574.17	
	Stocks and bonds, real-estate exchanges for clearing-house, cash and other items	1,409,500.55	952,646.39	
		2,550,908.63	966,940.32	
	Excess of bonds to secure circulation	5,000.00		
	Total assets	4,169,411.49	4,747,445.43	772,597.37

No. 43.—*Extract.*

[THOMAS P. BEAL, Receiver.]

DEMAND LOANS.

Schedule of bills receivable as shown by the books of the Maverick National Bank of Boston at date of suspension, Oct. 31st, 1891.

No.	Maker.	Endorser or collateral.	Rate of interest.	Date.	Maturity.	Worthless.
1580-3	Boston Heating Co...	Irving A. Evans & Co., due Aug. 11, '89.	P. 6	Feb. 15, '89	Demand..	5,000.00
1580-2	Boston Heating Co...	Irving A. Evans & Co., due Aug. 18, '89.	6	" 15, '89	" ..	5,000.00
1580-1	Boston Heating Co...	Due Aug. 18, '89	6	" 15, '89	" ..	5,000.00
1428-33	Butler, Peter.....	Secured by receiver's certificate of Pacific Nat'l B'k, Boston, No. 255; also pledged for 1488-25 \$3,200.	5	Sept. 3, '90	" ..	1,000.00
1512-27	Butler, Peter.....	Note of J. R. Black for \$3,170.00, dated Apl. 27, 1891, payable 12 months after date.	5	Apl. 27, '91	" ..	3,600.00
1535-1	Candler, John W.....	-----	6	June 1, '91	" ..	1,272.42
1452-6	Candler, John W.....	-----	7	Nov. 29, '90	" (Bal.)	1,330.21
1452-7	Candler, John W.....	-----	7	" 20, '90	" ..	1,483.42
1290-12	Garrett, L. O.....	-----	6	Oct. 10, '89	" ..	1,500.00
1445-28	Garrett, L. O.....	-----	6	Nov. 8, '90	" ..	1,000.00
1535-6	Horstford, B. F.....	76 sh. Winona Paper Co., Holyoke.	6	May 29, '91	" ..	7,493.62
995-17	Raymond, Chas. E.....	-----	6	" 28, '87	" ..	10,000.00
1510-24	Ross, Louis.....	-----	6	Mch. 19, '91	" ..	30,000.00
1518-23	Ross, Louis.....	-----	6	" 20, '91	" ..	20,000.00
1322-22	Sabin, D. M.....	Four notes, \$4,199.88 each, signed by John P. Isley, dated Oct. 12, '91, 4 months, with interest, endorsed by D. M. Sabin, secured by 200 sh. of the Ohio River R. Co.	7	June 6, '90	" ..	15,000.00
1580-4	The Santa Fe Copper Co.	Irving A. Evans.....	7	Oct. 10, '90	" ..	3,750.00
855-25	Thomas, Edward J.....	Note of Peter Butler, dated Feb. 1, '86, 9 months, indorsed Edward J. Thomas, for \$4,000.	6	July 1, '86	" ..	2,500.00
1553-25	Warren, George W.....	-----	-----	Aug. 15, '91	" ..	350.00
1466-12	Connelly, Wm. A.....	Guaranteed by Asa P. Potter.	5	Jan. 5, '91	" ..	14,000.00
1446-13	Connelly, Wm. A.....	" " Asa P. Potter.	5	Nov. 10, '90	" ..	25,000.00
1070-39	Curtis, Wm. M.....	" " Asa P. Potter.	6	Feb. 15, '88	" ..	39,000.00
778-11	Child, Lewis.....	" " Asa P. Potter.	6	Dec. 21, '86	" ..	39,000.00
1105-19	Farwell, Henry N.....	" " Asa P. Potter.	6	May 31, '88	" ..	80,000.00
1070-38	Gleason, B. F.....	" " Asa P. Potter.	6	Feb. 15, '88	" ..	39,000.00
1549-37	Harrington, Wm. S.....	" " Asa P. Potter.	5	July 1, '91	" ..	40,000.00
1432-30	Kellogg, Henry, jr.....	" " Asa P. Potter.	5	Oct. 1, '90	" ..	40,000.00
778-16	Lacy, Sylvester.....	" " Asa P. Potter.	6	Dec. 21, '85	" ..	39,000.00
1581-47	Mitchell, Thos. M.....	" " Asa P. Potter.	5	Oct. 27, '91	" ..	13,000.00
778-17	Dodge, Wm. Ladd.....	" " Asa P. Potter.	6	Dec. 21, '85	" ..	39,000.00

DEMAND LOANS.

Schedule of bills receivable (with first report), as shown by the books of the *Maverick National Bank of Boston* at date of suspension, October 31, 1891.

Num-ber.	Maker.	Endorser or collateral.	Rate of interest.	Date.	Maturity.	Good.	Doubtful.	Worth- less..
1188-14	Butler, Peter.....	200 sh. West End Street Ry Co. preferred stock \$50 each.....	P. cent.	Sept. 6, '98	Demand.	15,000.00	.....	.....
1517-40	Jones, Cook & Co.....	Frank Jones & Co.....	6	May 9, '91	"	15,000.00	.....	.....
1491-41	Jones, Cook & Co.....	Frank Jones & Co.....	6	Mch. 10, '91	"	12,000.00	.....	.....
1271-37	Jones, Cook & Co.....	Frank Jones & Co. 1,500 sh's Frank Jones Brewing Co., l't'd, of Portsmouth and Boston, U. S. A., \$10 each.	6	Aug. 22, '89	" (Bal.)	45,000.00	.....	.....
1496-30	Jones, Frank.....	\$26,000 Eastman Freight Car Heater Co. first m't'ge 6 per cent bonds.	6	Feby. 27, '91	"	30,000.00	.....	.....
1851-46	Bullard, John R.....	500 sh. West End Street Ry Co. Com., \$50 each; \$5,000 Jacksonville, Tampa and Key West Ry Co., call trust 4 per cent bonds, series A; \$25,000 policy of Mutual Reserve Fund Life Association, New York, policy No. 84915, on life of John R. Bullard.	6	July 1, '91	"	.....	47,873.56	.....
1382-24	Butler, Peter.....	\$84,000.31 receiver's certificate Pacific Nat'l Bank of Boston, number 255 (also pledged for 1428-33 \$1,000.)	6	Ap'l 1, '90	"	.....	600.00	.....
1488-26	Butler, Peter.....	1 sh. Cabat Manufacturing Co., \$500 par value.	6	Mch. 2, '91	"	.....	2,200.00	.....
1045-36	Butler, Peter.....	\$8,000 Jacksonville, Tampa and Key West Ry Co. coll. trust 4 per cent b'ds, Se. B.; 25 sh. Florida Commercial Co.; 266 sh. Florida Southern Ry Co.	6	Nov. 30, '87	"	.....	500.00	.....
1546-42	Candler, Wm. L.....	Chas. A. Sinclair waived 7,014 sh. Morley Button Sewing Machine Co., \$10 each.	6	July 30, '91	"	.....	3,000.00	.....
1475-1	Candler, Wm. L.....	\$1,000 Herdic Phaeton Co. b'd, Boston; \$1,000 Algonquin Club, 6 per cent, Boston; 234 sh. Iron Railway Co., Ohio; 237 sh. Cincinnati, Hamilton and Dayton Railroad Co.	6	Jan. 28, '91	"	.....	1,000.00	.....
1121-42	McGowan, Thos. S.....	.....	6	July 2, '88	"	.....	35,000.00	.....
1441-9	Mitchell, Thos. M.....	.....	6	May 27, '90	"	..... (Bal.)	11,680.00	.....

Schedule of bills receivable (with first report) as shown by the books of the Maverick National Bank of Boston at date of suspension, October 31, 1891—Continued.

Num-ber.	Maker.	Endorser or collateral.	Rate of in-terest.	Date.	Matur-ity.	Good.	Doubtful.
1510-22	Sabin, D. M.	\$75,000 Minn. Com'l Co. coll. trust 6's \$50,000 Iron Mt Ore and Furnace Co. of Ironton, sinking fund 6's \$5,800 Wisconsin Minn. and Pacd. Ry 6 per cent. land grants \$10,000 semi-annual policy of Life of D. M. Sabin, issued by the Equitable Life As-surance Society on the life of D. M. Sabin, \$813,972. \$15,000 policy of ins. issued by the N. Y. Life Ins. Co. on the life of D. M. Sabin, \$227,851. \$20,000 Wash. Iron Co. 1st mtg's 6's	P. cent. 7	Apr. 21, '91	Demand		(Bal.) 50,000.00
1045-18	Sinclair, Chas. A.	7014 sh. Morley Button Sewing Machine Co. \$10 each	6	Nov. 26, '87	"		(Bal.) 35,364.17
1292-25	Sinclair, Chas. A.	177 sh. Boston and Me. R. R. Co., common	6	Oct. 21, '89	"		10,000.00
1281-27	Sinclair, Chas. A.	\$25,000 American Water Wks. Co. 6's	6	July 26, '89	"		(Bal.) 46,724.14
1564-29	Vanner, C. H. and Co.	\$10,000 Iowa Water Wks. Co. 6's \$10,000 City of So. Omaha funding bd. 100 sh. Chelsea Beach Co., 1,300 sh. East Boston Co., 200 sh. Hotel Wellesley Co., 809 sh. Boston and Chattanooga Syndicate, 6 sh. Florida Commercial Co., 25 sh. Boston Heating Co., 130 sh. St. Louis Cable and Western Ry Co., 17 sh. McKay Metallic Fastening Ass'n, 400 sh. Fort Worth Land and Street Ry. Co., 438 sh. The Bussell Trimmer Co., 40,000 sh. Santa Fe Copper Co., 4 sh. Bay State Gas Co., 40 sh. Thomson European Elec. Weld'g Co., 200 sh. Newport Land Trust, 1300 sh. Cambridge Field Co., 51 sh. Malden Elec. Co. trust securities, 150 sh. Huron Copper Mining Co., 130 sh. Centennial Mining Co., 50 sh. Atlantic Mining Co., 225 sh. Duluth, So. Shore and At-lantic Ry Co., common, 50 sh. So. California Ry Co., pref., 200 sh. Atlantic and Pacific Ry Co., common, 30 sh. Florida So. Ry Co., 100 sh. Rutland R. R. Co. Chas. A. Sinclair (waived)	6	Oct. 21, '91	"		402,286.52
1291-43	Weeks, John W.		6	Oct. 17, '89	"		24,000.00
1568-46	Wheatland, Geo., jr.		6	Aug. 28, '91	"		1,200.00
1547-12	Wheatland, Geo., jr.		6	July 31, '91	"		2,000.00
1565-17	Wheatland, Geo., jr.		6	Sep. 16, '91	"		4,500.00

FAILED NATIONAL BANKS.

Schedule of bills receivable (with first report) as shown by the books of the Maverick National Bank of Boston at date of suspension, October 31, 1891—Continued.

Num-ber.	Maker.	Endorser or collateral.	Rate of interest.	Date.	Matur-ity.	Doubtful.	Worthless.
1568-10	Wheatland, Geo., Jr.		Per cent.	Sep. 22, '91	Demand	7,000.00	.....
1579-18	Wheatland, Geo., Jr.		6	Oct. 19, '91	"	1,000.00	.....
1510-26	Wheatland, Geo., Jr.		6	Apr. 22, '91	"	10,500.00	.....
1827-16	Wheatland, Geo., Jr.		6	June 6, '91	"	1,800.00	.....
1455-25	Wheatland, Geo., Jr.		6	Dec. 10, '91	"	2,000.00	.....
1573-37	Wheatland, Geo., Jr.		6	Oct. 2, '91	"	14,000.00	.....
1323-39	Woods, H. F.		6	Jan. 16, '90	"	1,500.00	.....
1117-5	Woods, Henry F.		6	June 1, '88	"	6,000.00	.....
1424-3	Woods, H. F.	20 sh. Swift & Co. stock	6	Sep. 18, '90	"	(Bal.) 6,000.00	.....
960-12	Woods, Henry F.	500 sh. Summit Branch R. R. Co.	6	M'ch 9, '87	"	6,000.00	.....
1087-14	Woods, Henry F.	13 sh. West End Street Ry. Co., pref	6	M'ch 2, '87	"	1,000.00	.....
935-40	Woods, Henry F.	240 sh. Eastman Freight Car Heater Co.	5	Jan. 27, '87	"	1,000.00	.....
1466-11	Woods, H. F.	45 sh. Boston Live Stock Co.	6	Jan. 15, '91	"	2,000.00	.....
1455-27	Wood, H. F., trustee.	Guaranteed by A. P. Potter. Declaration of trust to H. F. Woods, trustee by Ellen D. Raymond, Willard A. Bullard, Asa P. Potter, of certain property located in Cambridge, Mass.	6	Dec. 5, '90	"	31,000.00	.....
1394-15	Work, J. W.	2 sh. West End Street Ry. Co., pref; 1 sh. West End Street Ry. Co., comm.; 5 sh. E. Middlesex Street Ry. Co.; 13 sh. Charles River Embankment Co.; 55 sh. Colorado Real Estate Co.; 35 sh. Topeka Rapid Transit Ry. Co.; \$1,000 Topeka Rapid Transit Co.; gold bond.	6	Apr. 1, '90	"	(Bal.) 6,080.00	.....
1500-31	Work, J. W.		5	Sept. 2, '91	"	2,500.00	.....
1568-42	Work, J. W.		6	Sep. 25, '91	"	1,000.00	.....
1447-47	Work, J. W.		6	Nov. 15, '90	"	1,500.00	.....
1858-19	Work, J. W.		6	June 27, '91	"	3,000.00	.....
1527-17	Work, J. W.		6	June 6, '91	"	3,000.00	.....
1543-27	Work, J. W.		5	July 22, '91	"	1,000.00	.....
5171-47	Behrke, B. J.		6	July 1, '91	"	20,000.00	.....
1465-39	Brooks, H. F.	Wm. H. Raymond (waived); Thos Dana & Co	6	Jan. 1, '89	"	2,000.00	.....
1291-40	Dana, H.	Thomas Dana (waived)	6	Oct. 8, '89	"	13,605.71	.....
1097-23	Dana, Thos.	13 sh. Union Glass Co.; 10 sh. Electric Lustre St'ch Co	6	May 3, '88	"	(Bal.) 1,523.69	.....

The following notes either guaranteed or endorsed by Thos. Dana or Thos. Dana & Co.:

5171-47	Behrke, B. J.	
1465-39	Brooks, H. F.	Wm. H. Raymond (waived); Thos Dana & Co
1291-40	Dana, H.	Thomas Dana (waived)
1097-23	Dana, Thos.	13 sh. Union Glass Co.; 10 sh. Electric Lustre St'ch Co

664-28	Dana, W. F.	80 sh. Union Glass Co.; 600 sh. Jacksonville, Tampa and Key West Ry. Co. coll. tr. bds., Sec. A; \$250 from R. R. Inc. mtge. bds.; \$15m. Spring Grove, Avondale and Cincinnati R. R. 1st. mtge. bds., with coupons payable on and after Jan. 1, 1888, represented by receipts of C. E. Raymond dated Sept. 14, 1888, not negotiable.	5	Jan. 24, '95	"	(bal.) 9,319.88
1871-43	Finneran.	Thos. Dana & Co. (waived)	6	July 1, '91	"	5,000.00
1849-31	Greeley, Joseph C.	Thos. Dana & Co. do	6	July 1, '91	"	15,000.00
1871-60	Hutchinson, E. L.	Thos. Dana & Co. do	6	July 1, '91	"	10,000.00
1872-1	Hutchinson, E. L.	Wm. H. Raymond do	6	July 1, '91	"	10,000.00
1871-51	Hutchinson, E. L.	Wm. H. Raymond do	6	July 1, '91	"	5,000.00
1438-46	Pearson, E. H.	Thos. Dana & Co. do	6	Oct. 17, '90	"	6,570.00
1871-44	Ramseyer, J. M.	Thos. Dana do	6	July 1, '91	"	5,000.00
1246-42	Rowe, E. H.	Thos. Dana & Co. do	6	June 22, '89	"	10,000.00
1112-10	Rowe, E. H.	Thos. Dana & Co. do	5	June 22, '88	"	(bal.) 10,000.00

The following notes either guaranteed or endorsed by Jonas H. French:

965-39	French, Jonas H.	75 sh. Charles River Embankment Co	5	March 30, '87	"	(bal.) 4,864.57
946-36	Cape Ann Granite Co.	Jonas H. French (waived)	6	Feb. 25, '87	"	10,000.00
348-15	Cape Ann Granite Co.	Jonas H. French (waived)	6	March 9, '82	"	10,000.00
778-10	Bennett, Henry W.	Jonas H. French (waived)	6	Dec. 21, '85	"	39,000.00
778-18	Bottell, Charles C.	Jonas H. French (waived)	6	Dec. 21, '85	"	39,825.00
778-19	Emerson, Burt.	Jonas H. French (waived)	6	Dec. 21, '85	"	39,750.00
488-31	Evans, Geo. F.	Jonas H. French (waived)	6	Feb. 28, '83	"	30,000.00
1235-32	French, Henry G.	Jonas H. French do	6	May 16, '89	"	(bal.) 23,306.58
636-4	Hastler, Geo. E.	Jonas H. French do	6	Oct. 1, '84	"	40,000.00
1553-20	Jewett, Fred G.	Jonas H. French do	6	Aug. 14, '91	"	35,000.00
1553-37	Lowell, W. L.	Jonas H. French do	6	Aug. 15, '91	"	40,000.00
636-5	Marsh, Thomas	Jonas H. French do	6	Oct. 1, '81	"	40,000.00
967-24	Pearson, Arthur E.	Jonas H. French do	6	March 22, '87	"	39,750.00
636-3	Pearson, Edward A.	Jonas H. French do	6	Oct. 1, '84	"	23,717.21
967-25	Pearson, W. H.	Jonas H. French do	6	March 22, '87	"	39,850.00
1152-26	Quinn, Geo. W.	Jonas H. French do	6	Oct. 1, '88	"	40,000.00
968-32	Rawson, E. M.	Jonas H. French do	6	March 26, '87	"	39,500.00
968-31	Thompson, N. A.	Jonas H. French do	6	March 24, '87	"	39,900.00

General collateral of Jonas H. French, 7,250 sh. West End Land Co., 90 sh. San Diego Land and Town Co., 50 sh. N. Y. and N. E. R. R. Co., preferred; 50 sh. Southern Cal. Ry. Co., \$250 Atchison, Top., and S. Fe. R. Co., Inc. scrip; 637 sh. West End Land Co., \$12,000 N. Y. and N. Eng. R. R. Co., 2d mtge. 6's, 47 sh. N. Y. and N. Eng. R. R. Co., common, assignment of equity in 1,660 shs. West End Street Ry. Co., common.

The following notes either guaranteed or endorsed by Asa A. Potter:

1066-19	Bates, James H.	50 sh. Citizens Bk. of Council Bluffs, Ia.; 50 sh. Nat. Bk. of Commerce, Kansas City, Mo.; 60 sh. Industrial Trust Co. Providence, R. I.; 300 sh. Charles River Embankment Co.; 2,000 Algonquin Club 6 per cent bonds; 7,000 County Club Brookline 5 per cent bs.	5	Jan. 20, '88	Demand	29,000.00
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26906-17

Schedule of bills receivable (with first report) as shown by the books of the *Maverick National Bank of Boston*, at date of suspension, October 31, 1891—Continued.

Num-ber.	Maker.	Endorser or collateral.	Rate of in-terest.	Date.	Matur-ity.	Doubtful	Worthless.
1235-2	Bickford, Scott F.	1,500 shs. West End Land Company	5	Apr. 1, '89	"	40,000.00	.....
1235-1	Bixby, Edgar M.	700 shs. West End Land Company; 25 sh. Continental Nat. Bk., St. Louis, Mo.; 25 sh. California Nat. Bk., San Diego, Cal.	5	Mch. 1, '87	"	40,000.00	.....
625-36	Brown, Frank Q.	\$16,000 Jacksonville, Tampa and Key West Ry. coll. trust bonds, series A.; \$800 Jacksonville, Tampa and Key West Ry. Co. coll. trust scrip, series A.; 400 sh. Florida Commercial Co.	5	Oct. 1, '84	"	40,000.00	.....
1235-3	Cox, Joseph M.	1,500 sh. West End Land Co.	5	Oct. 24, '88	"	40,000.00	.....
1168-38	Garrett, L. O.	Asa P. Potter (waived); deeds of Florida Commercial Co. to Samuel Hanson numbered 331,345,342,332,341,339,340,337,339,333,338,339,330,334,359,335.	6	.....	"	(bal.) 39,258.48	.....
438-5	Haskell, W. A.	\$800 15 Aitch. Top. and S. Fe R. Co. gen'l m't'ge 4 per cent bond scrip; \$675 Aitch. Top. and S. Fe R. Co., Inc. bond scrip.	6	Oct. 1, '90	"	(bal.) 24,189.38	.....
1010-20	Kellogg, Chas. F.	1,000 sh. West End Land Co.	5	Apr. 4, '87	"	(bal.) 19,889.63	.....
1549-30	Kelsey, C. E.	\$38 m. Louisville, New Albany and Chicago Ry. Co. gen'l m't'ge 5's;	5	Aug. 6, '91	"	(bal.) 25,062.50	.....
1066-18	Miller, A. Q.	24 sh. Boston and Maine R. R. Co. \$10,000 Jacksonville, Tampa and Key West Ry. Co.; coll. tr. bonds series B.; \$250 Jacksonville, Tampa and Key West Ry. Co. collateral trust scrip; 160 sh. Florida Commercial Co. and K. W. Ry. Co. collateral trust Storage Co.; 35 sh. Boston Cab. Co.; 12 sh. Quincy Market Cold Co.; 5 sh. Aztec Land and Cattle Co. 1274 sh. West End Land Co.	5	Jan. 21, '88	"	38,290.00	.....
1116-34	Monk, Warren G.	.....	6	June 30, '88	"	(bal.) 33,219.24	.....
1577-9	Potter, Asa P.	.....	5	Oct. 13, '91	"	9,000.00	.....
1577-10	Potter, A. P.	.....	5	Oct. 13, '91	"	5,500.00	.....
1560-23	Potter, A. P.	.....	5	Oct. 27, '91	"	6,000.00	.....
1561-42	Potter, A. P.	.....	5	Aug. 26, '91	"	10,630.00	.....
1500-44	Potter, A. P.	.....	5	Apr. 3, '91	"	(bal.)	.....
1560-57	Potter, A. P.	.....	5	Apr. 3, '91	"	2,000.00	.....
1564-30	Potter, A. P.	.....	5	Aug. 6, '91	"	4,000.00	.....
1586-44	Potter, A. P.	.....	5	Sep. 10, '91	"	3,000.00	.....
1527-21	Potter, A. P.	.....	5	July 2, '91	"	3,500.00	.....
1568-41	Potter, A. P.	.....	5	June 6, '91	"	3,335.00	.....
1563-41	Potter, A. P.	.....	5	Sep. 25, '91	"	3,000.00	.....
1532-13	Potter, A. P.	.....	5	Aug. 16, '91	"	3,500.00	.....
1544-33	Potter, A. P.	.....	5	June 10, '91	"	2,500.00	.....
1533-40	Potter, A. P.	.....	5	July 28, '91	"	6,000.00	.....
1894-47	Hyde, Henry D.	.....	5	June 28, '91	"	3,000.00	.....
1441-39	Hyde, Henry D.	.....	5	July 7, '90	"	10,000.00	.....
1472-26	Hyde, Henry D.	.....	5	Nov. 1, '90	"	957.00	.....
998-28	Hyde, Henry D.	.....	6	Oct. 1, '90	"	3,209.87	.....
998-57	Hyde, Henry D.	.....	6	July 1, '87	"	(bal.) 6,507.81	.....
625-35	Candler, Wm. L.	925 sh. Brookline Land Co.; \$17 M. Boston Water Power Co. b'd's; \$ M. Boston Water Power Co.; \$140 coupons Boston Water Power Co.; \$30,000 The St. Johns and Lake Eustis Ry. Co. 1st m't'ge 6's.	6	Oct. 1, '84	"	37,500.00	.....

1432-37	Hasler, Albert J.	Guaranteed by Henry D. Hyde, four 2d mortgages of Thos. M. Stevens, each for \$12,816.44, with a payment of \$600 each, dated Mch. 1st, 1890, on property situated on Belvidere street, Boston, payable on demand.	6 July 17, '90	"	46,241.76	
1336-39	Goold, Henry T.	Guaranteed by C. A. Sinclair	6 Feb. 17, '90	"	30,000.00	
1336-39	McGowan, T. S.	" C. A. Sinclair	6 Feb. 17, '90	"	45,020.27	
1432-38	General collateral of Asa P. Potter	17 sh. West End Street Ry. Co. pref. (in hands of Lord & Mandell for sale); \$5,000 Boston Athletic Ass'n 5's; \$3,000 Jacksonville, Tampa and Key West Ry. Co. coll. trust bonds, "series B"; 100 sh. Manatee Cattle Co. of Florida; 100 sh. Florida Commercial Co.; 50 sh. Aztec Land and Maine E. R. Co. stock on which \$28,640 has been paid.	6 July 1, '90	Demand	281,633.10	
1432-38	Murphy, Edward J.	The following notes guaranteed by Asa P. Potter and Jonas H. French: \$24,000 Little Rock, Miss. River and Texas Ry. 7 per cent bonds 2d mt'ge and coupons attached from Apl. 1, '85; \$4,200 in notes of Little Rock, Miss. River and Texas Ry. due Oct. 1, '89, at 7 per cent, these notes issued in payment of coupons on 2d mortgage bonds; 305 shares Little Rock, Miss. River and Texas Railway Co.; \$2,000 Iron Ry. Co. of Ohio Inc. mt'ge bonds; 6 sh. Mechanical Refrigerating Co. of Hartford, Conn.; 500 sh. Adamante Mfg. Co.; 863 sh. Toledo, Cin. and St. Louis R. R. Co. \$50 each; \$2,150 assessment scrip South Eastern Div. Toledo, Cin. and St. Louis R. R. Co.; \$500 shares Toledo and Delphos Trust (Iron Railroad scrip); \$170 Toledo and Delphos Trust (Toledo D. & B.) Toledo, Cin. and St. Louis R. R. Co. inc. bd. scrip	6 Feby 15, '96	"	25,895.86	
1070-32	Clark, John H.	The following notes guaranteed by Asa P. Potter and Thomas Dana:	6 Apl. 1, '90	"	10,000.00	
1234-4	Sherman, Roger I.		6 Oct. 1, '90	"	(bal.) 5,415.08	
1432-33	Mitchell, Thomas		6 Jan. 23, '90	"	5,000.00	
1186-32	Goodwin, Otis L.		6 Mch. 19, '87	"	(bal.) 35,884.63	
565-23	Clark, Chas. W.		6 Dec. 6, '90	"	15,000.00	
1461-12	Mitchell, Thos. M.	Guaranteed by Asa P. Potter	6 Feby. 15, '88	"	39,000.00	
1070-37	Morris, W. F.	" " Asa P. Potter	6 Nov. 8, '84	"	9,218.23	
635-19	Warren, Joseph	" " Asa P. Potter	6 July 1, '91	"	(bal.)	
1540-39	Warren, Joseph				574,498.00	
	Total worthless					

No. 44.

[THOMAS F. BEAL, Receiver.]

TIME LOANS.

Schedule of bills receivable (with first report) as shown by the books of the *Maverick National Bank of Boston* at date of suspension, October 31, 1891.

Num-ber.	Maker.	Endorser or collateral.	Rate of in-terest.	Date.	Maturity.	Good.	Doubtful.	Worth-less.
1567-51	Whipple J. Reed		6	Sep. 21, 1891	Dec. 24, '91	50,000		
1544-44	The Burton Stock Co.	{ F. Jones, E. H. Winchester, Chas. A. Sinclair, I. P. Cooke, } { Jo. Davidson, J. C. Wood. " " " " " " " " }	6	July 15, '91	Jan. 18, '92	10,000		
1544-45	do	" " " " " " " "	6	July 21, '91	Jan. 24, '92	5,000		
1544-46	do	" " " " " " " "	6	July 26, '91	" 30, '92	10,000		
1588-5	Cape Ann Granite Co.	J. H. French, W. J. George, E. Craig, atty Note Florida Com'l Co. \$7,891.00, secured by 10 M. Jacksonville land; 1,000 J. T. and K. W. series A bonds; 2,000 J. T. and K. W. series B bonds; 50 scrip. of same, 34 shares Florida Southern Railway Co.; 289 shares Florida Com'l Co.	6	July 3, '91	Nov. 4, '91		10,000.00	
1885-47	Candler, John W.	(Guaranteed by Asa P. Potter Land Co., 1,500 shares West End.)	6	June 1, '91	Dec. 4, '91		39,700.00	
1580-6	Dana, Thomas		6	Sept. 6, '91	Dec. 8, '91		10,000.00	
1580-5	Dana, Thomas		6	" " " "	" 8, '91		10,000.00	
1580-39	Dillway, H. G.		6	Aug. 6, '91	" 8, '91		39,982.11	
1554-18	Cape Ann Granite Co.	Jonas H. French	6	" 15, '91	" 18, '91		10,000.00	
1571-48	Beake, C. J.	W. H. Remond (waived)	6	Aug. 17, '91	" 20, '91		10,000.00	
1557-20	Matthews, Nathan	Mig. note T. R. White to N. Matthews, \$65,000, Mch 24, 1891, two years' note.	6	" 20, '91	" 23, '91		25,000.00	
1557-21	Matthews, Nathan	(Guaranteed by Asa P. Potter Land Co., 1,500 shares West End.)	6	" 20, '91	" 23, '91		25,000.00	
1554-7	Greely, Joseph C.	Same as preceding.	6	" 21, '91	" 24, '91		5,000.00	
1558-44	Elec. Lumber Starch Co.	T. Dana (waived); T. Dana & Co. (waived)	6	" 23, '91	" 31, '91		5,000.00	
1580-8	Thomas Dana	T. Dana & Co (waived)	6	Oct. 1, '91	Jan. 2, '92		5,000.00	
1580-9	"		6	" " " "	" " " "		5,000.00	
1580-6	"		6	" " " "	" " " "		5,000.00	
1580-26	Greely, Jos. C.	T. Dana & Co. (waived)	6	Sept. 2, '91	Jan. 6, '92		5,000.00	
1580-25	Furness, H. H.	Jonas Dana	6	Sept. 6, '91	" 8, '92		10,000.00	
1574-33	Cape Ann Granite Co.	Jonas H. French	6	" 15, '91	" 18, '92		10,000.00	
1566-17	O Callaghan, T. & Co.	" " " "	6	" 17, '91	" 20, '92		10,000.00	
1566-36	Matthews N. Jr.	N. Matthews	6	" 18, '91	" 21, '92		10,000.00	
1577-35	Dunmore, Carrie M.	W. H. Raymond, T. Dana & Co.	6	Oct. 15, '91	Feby 18, '92		10,000.00	
1579-2	Matthews, N. Jr.	N. Matthews	6	" 17, '91	" 20, '92		6,000.00	
1579-47	Jordan, Susie M.	T. Dana, T. Dana & Co	6	" 23, '91	" 25, '92		6,000.00	

1161-46	Rowe, Ernest H Florida Com'l Co	T. Dana, T. Dana & Co	6	27, '91	Mar. 1	10,000.00
	"	"	4	May 3, '90	May 6, '93	42,450.00
	"	"	4	"	"	27,360.07
	"	"	4	"	"	2,610.00
	231,000 Jacksonville, Tampa and Key West Ry. Collat. Trust, series A, 4 per cent bonds.	Asa P. Potter				
	8300	"				
	84,000 St. Johns and Lake Eustis Ry. 1st mtg., 6 per cent bonds.	"				
	25,000 acres land in Lee County, Fla.	"				
	18,920 " " " " Manatee Co., Fla.	"				
	14,120 " " " " Lee " " Fla.	"				
	Chief from Jacob Edward that he holds as trustee 50,000 acres of land, deeds 639 to 643, incl., from the Fla. So. Ry. Co. for notes of Fla. Com'l Co., amt'g to \$49,333.34, of which the above note of \$2,610 is part.					
	Child, Luctus M		6	July 1, 1889	July 4, '91	8,000.00
	Do		6	do	do	8,000.00
	Do		6	do	do	8,000.00
	Do		6	Aug. 7, 1890	Overdue	8,000.00
	Do		6	Sep. 4, 1890	do	8,000.00
	Do		6	do	do	8,000.00
	Stevens, Thomas M		None	Mch. 1, '90	Mch. 4, '93	15,000.00
	Do		None	do	"	15,000.00
	Do		None	do	"	15,000.00
1563-4	Neving, E. H	Guaranteed by A. P. Potter	6	Sep. 7, 1891	Jan. 10, '92	39,942.50
1565-12	French, Henry G	Jonas H. French	6	Sept. 12, '91	" 15, '92	10,000.00
1576-21	Craig, Geo. E	Jonas H. French	6	Oct. 6, '91	Feby. 9, '92	40,000.00
1581-16	Ballou, M. R.	Asa P. Potter	6	Oct. " '92	" 25, '92	36,838.20

No. 45—*Extract.*

[THOMAS P. BEAL, Receiver.]

List of stockholders of the Maverick National Bank, Boston, Mass, October 31, 1891.

No.		No. of shares.	
20	Dana, Thomas (second)	42	Boston, Mass.
21	Dana, trustees of Thomas	36	Boston, Mass.
28	Essex Savings Bank as collateral	*350	Lawrence, Mass.
31	French, Jonas H.	790	Gloucester, Mass.
88	Potter, Asa P.	1300	Cohasset, Mass.

*175 P., 175 F.

No. 46—*Extract.*

[THOMAS P. BEAL, Receiver.]

OVERDRAFTS.

Schedule of other assets (with first report) as shown by the books of the Maverick National Bank of Boston, at date of suspension, October 31, 1891.

	Doubtful.
Magruder, J. W.	15.50
Potter, A. P.	430.66

No. 47.

The Maverick National Bank of Boston, Mass.—12 individual deposits exceeding \$25,000 each.

A. Blanchard, treasurer of B. and M. Railroad Co.	\$444,732.69
C. H. Nowell, paymaster B. and M. R. R. Co.	15,998.16
J. F. Cole, treasurer of city of Summerville.	135,170.43
Monument Mills.	77,225.92
J. H. Goodspeed, treasurer of West End Street R'y Co.	62,404.29
Niles Bros.	48,173.75
Frank Jones Brewing Co.	33,078.74
T. J. Alexander, trustee for Fannie M. Clark.	32,384.31
Margaret Crudden.	32,367.66
L. J. Logan.	27,662.82
The R. T. Palmer Co.	25,645.21
Geo. H. Nonnan.	25,457.87
Lewis Lombard, 2d vice prest.	25,423.58

Extract from schedule of liabilities Maverick National Bank accompanying report of the examiner, received in this office Nov. 28, 1891.

Boston and Maine Rd., C. H. Nowell, paymaster.	\$15,998.16
A. Blanchard, treas. B. and M. R. R.	444,732.69
Thomas Dana.	48.41
Thomas Dana & Co.	1,784.93
Jonas H. French.	142.58
Jonas H. French, trustee.	52.93
Jones, Cook & Co.	221.67
Frank Jones Brewing Co., Henry T. Goold, asst. treas.	33,078.74
A. F. Potter, trustee.	16.73
Chas. A. Sinclair.	276.77

[THOMAS P. BEAL, Receiver.]

MAVERICK NATIONAL BANK,
Boston, February 10th, 1892.

SIR: Knowing your wish to be fully informed of any sales of securities made, we beg to inform you of the following sales:

Feb. 8. \$164,000 Richmond and W. P. 6s, at 94 $\frac{1}{2}$	\$155,158.00	
Less commission $\frac{1}{2}$	205.00	
		\$154,980.00
Feb. 9. \$3,000 Bay State gas incomes, at 89 $\frac{1}{2}$	\$2,685	
Accrued interest	105	
		2,790.00
Less commission	7.50	
		2,782.50
Feb. 8. Louisville street railway securities:		
\$65,000 cons. 1st 5s 1930, at 92 $\frac{1}{2}$	\$60,287.50	
Accrued interest	343.06	
135 sh's pref. stock, at 73	9,855.00	
365 sh's com. stock, at 19	6,935.00	
		\$77,420.56
Feb. 9. \$9,200 Youngstown, Ohio, 6s, due from October 1, 1893, to October 1, 1902, as per schedule furnished you at 106 and accrued int. Sale on 4 $\frac{1}{2}$ basis		9,948.27
Feb. 9. \$1,000 city of Manchester bond, due January 1, 1892, paid by the city at par and interest		1,030.00
Feb. 9. 100 Boston and Maine stock, at 162	16,200.00	
Less commission $\frac{1}{2}$	12.50	
		16,187.50
Feb. 9. \$1,000 Atchison income	597.50	
Less commission	2.50	
		595.00
\$3,000 Atchison 4s, at 82 $\frac{1}{2}$	2,478.75	
\$5,000 Atchison 4s, at 82 $\frac{1}{2}$	4,118.75	
Interest	34.66	
		6,632.16
Less commission	10.00	
		6,622.16

Coupons due February 1st on the Richmond and West Point bonds were collected and the sum received from them, \$4,920, was credited prior to this sale. We consider the sale of these bonds very favorable to the bank, as you will notice that the coupon, having been due February 1st practically netted the bank 97 $\frac{1}{2}$. Mr. Potter joins in this opinion. The Louisville Street Railway Co. bonds cost the bank par, the preferred and common stock being a bonus. Having received some \$77,000 we should deem this sale a good one for the bank. As we have stated before, we consider Boston and Maine a wise sale.

We are conferring with Messrs. Potter and Hyde, and expect to submit to you within a short time a plan for the disposal of the West End land stock in accordance with the suggestions previously sent to you. We also have under consideration the sale of Boston and Maine and Atlantic and Pacific 4s, subject to the opinion of Messrs. Potter and Hyde. As before stated, any plan proposed for the sale of Boston and Maine or West End land will be submitted to you.

Very respectfully,

THOS. P. BEAL,
Receiver.

No. 49.

[THOMAS P. BEAL, Receiver.]

MAVERICK NATIONAL BANK,
Boston, February 10th, 1892.

SIR: I am offered \$17 per share for the 17,171 shares of West End Land Company's stock held by the Maverick Bank by a responsible firm, who are to take the shares within ninety days, and pay for them as taken. They are also to pay

me one-half of the profits realized by them on a sale of the shares, less their commission of one-eighth per cent for selling the same. This firm is a thoroughly responsible one, and I can rely on their carrying out the trade in good faith. Before the failure of the Maverick Bank the stock was quoted at about \$18 per share. When the bank failed it was known to hold a very large quantity of the stock, and it was supposed this would be sold soon, and the market fell off to about \$14½ per share. Since then the stock has been quoted at from \$16 to \$17 per share, until within the last few days, when the market price strengthened from \$17 to \$18, possibly on a rumor that I had sold this stock. It is expected that the price will advance as soon as the bank's stock is known to have been sold. If you approve of my accepting this offer, I propose filing a petition to the court, asking leave to sell the stock at such prices and at such times and in such way as I shall see fit. I shall do this rather than make the proposed agreement a matter of public record, in which event the public will be notified that the stock was for sale, and that would tend to depress the market. Messrs. Hyde, Potter, and French have all been consulted, and all approve of this proposed arrangement.

If you approve of this course kindly telegraph me to that effect, and I will at once file my petition, and on obtaining leave to sell will accept this offer for the stock.

Very respectfully,

THOS. P. BEAL, *Receiver.*

No. 50.

[Personal.]

TREASURY DEPARTMENT,
OFFICE OF COMPTROLLER OF THE CURRENCY,
Washington, D. C., Feb. 16, 1892.

Mr. THOMAS P. BEAL,
Receiver Maverick National Bank, Boston, Mass.:

MY DEAR SIR: Your favor of the 10th instant, in relation to the sale of 17,171 shares of the West End Lend Co. stock, held by the Maverick National Bank, came to hand during my absence in Philadelphia, where I spent three days of last week on the annual Assay Commission at the Mint. By being marked "personal" it was not opened until my return on Saturday, too late for reply. I wired you yesterday morning, and hope the despatch reached you in time.

I am glad to know that this arrangement is satisfactory to Messrs. Hyde, Potter, and French, and that they approve of your selling now on the plan proposed. It seems to me to be a very favorable one for the trust, and I am not surprised that they should look upon it with favor.

Your other communication of the 10th instant, in regard to the sale of the furniture and fixtures to the new landlord, was in the same enclosure, but your telegram of the same day came to hand and was answered on the 11th, as follows:

"No objection to the sale of furniture and fixtures on the terms stated in the order of the court."

I suppose, therefore, that you have closed the deal in accordance with the terms stated in your letter.

Very respectfully,

E. S. LACEY, *Comptroller.*

No. 51.

DEPARTMENT OF JUSTICE,
OFFICE OF THE SOLICITOR OF THE TREASURY,
Washington, D. C., March 5, 1892.

Hon. E. S. LACEY,
Comptroller of the Currency.

SIR: I have the letter of Mr. Edward W. Hutchins of this date, written, as Mr. Hutchins says, at your instance to me in order that I may be informed of certain facts having relation to a settlement made between Irving A. Evans & Co., through Mr. W. R. Evans, and the Maverick National Bank, through its

president, Mr. Potter, in October last year, whereby Evans & Co. secured the surrender of evidences of the firm's indebtedness to the bank, amounting to about \$400,000. Mr. Hutchins narrates a number of circumstances which, in his opinion, shows that this transaction was fraudulent and not binding upon the bank or its present receiver because of certain personal advantages secured by Mr. Potter by the terms of the settlement.

This letter is written to me and these facts stated, and from which I am asked to say whether in my judgment there is sufficient evidence to authorize the receiver of the bank to institute legal proceedings to set aside this settlement and to attempt the recovery of the sums of money evidenced by the surrendered notes.

I have carefully considered the circumstances detailed in this letter, together with the oral statements made by Mr. Hutchins in our interview this afternoon, and it is my opinion that these stated facts if proved would make a fair prima facie case in favor of the contention of the receiver, and that it would be his duty to the stockholders and creditors of the bank to attempt to recover Evans & Co.'s notes. Of course, I am not prepared to say that such a suit will be successful, but it is my judgment that if these facts can be put in proof and are unexplained or uncontradicted that the court would grant the relief sought.

Very respectfully,

W. P. HEPBURN, *Solicitor.*

No. 52.

WASHINGTON, *March 5th, 1892.*

To the Honorable the SOLICITOR OF THE TREASURY,

Washington, D. C.:

SIR: On behalf of Mr. Beal, the receiver of the Maverick National Bank, of Boston, I desire to call your attention to the following facts:

The Maverick Bank was closed at the end of business hours on Oct. 31, 1891, and Mr. Beal took possession of the assets of the bank on or about November 10, 1891. When he took possession he found among the papers of the bank an agreement of settlement, dated Oct. 25, 1891, between the bank and the firm of Irving A. Evans & Co., whereby the bank, in consideration of a release to it of certain securities, surrendered to said firm of Evans & Co. all notes and other indebtedness of said firm held by it. The amount of the indebtedness so surrendered was about \$500,000. The value of the securities in which said firm released all interest to the bank was between \$100,000 and \$150,000. All these securities had been prior to said settlement held by the bank as security for the indebtedness to it of I. A. Evans & Co. The firm of Evans & Co. was insolvent at this time and its assets were worth about \$130,000, and its indebtedness other than that to the Maverick was about \$250,000. Irving A. Evans died on Oct. 16, 1891, and his individual estate is supposed to be worth \$60,000. Of his indebtedness I have no knowledge.

By the terms of the settlement thus made you will see that the bank received no money equivalent for its surrender of the obligations of Evans & Co., inasmuch as the securities released to the bank by the terms of the settlement were before the settlement held by it as collateral for the indebtedness of Evans & Co., which far exceeded the value of the security.

The records of the directors of the bank show that the president, Mr. Potter, was authorized to make any settlement he saw fit with Evans & Co.

This settlement was made by Mr. Potter with one W. R. Evans, the executor of the will of Irving A. Evans, and who also represented the firm of I. A. Evans & Co., and the surviving partners.

Thinking that there was some reason to suppose from the terms of the settlement that Mr. Potter received in some way an equivalent for the surrender of the obligations of Evans & Co., Mr. Beal asked Mr. W. R. Evans, and I asked Mr. Potter, whether there was any equivalent therefor and whether Mr. Potter was indebted to Evans & Co., and whether such indebtedness was given up by Evans & Co. as a part of the settlement. Mr. Potter assured me that he was not indebted to Evans & Co. in any way and that he was in no way interested in any joint account or other venture with them, and Mr. W. R. Evans assured Mr. Beal that no such indebtedness existed and no such indebtedness was surrendered as a part of the contract of settlement.

The investigation of the affairs of the Maverick Bank before the grand jury in Boston shows the following facts: The dates given are approximated, as I have not the material here to verify them. On the books of Evans & Co. there was, some time ago, a joint account, "Evans & Potter," which was closed up in 1882, '3, or '4. In 1884 there was opened an account, "I. A. Evans, special," which for a few years showed large profits, which were regularly divided (as appears by the account) between I. A. Evans and Mr. Potter, amounting to some \$200,000. This account ceased to be active in 1886 or 1888, and then showed a loss of about \$27,000, which was carried along until the date of the failure of the firm.

When the account of I. A. Evans, special, ceased to be active, or about that time, another account was opened on the books under name "I. A. Evans, special No. 2." This account continued in active business until the bank failed, and at that time showed loss of from \$300,000 to \$500,000, owing largely to short sales of stocks in the summer of 1891.

According to the statement of the surviving partners of Evans & Co. (who profess ignorance as to who were the persons interested in the account, but who say that they think it was Evans & Potter) the account always showed a loss except in the summer of 1888, when, under date of August 1st, there was an apparent division of profits. The entry is as follows: (Aug. 1, '88) "ck. 5,000." "I. A. Evans, 5,000."

The personal account of I. A. Evans was this date on the books of the firm credited with \$5,000, and on this date the firm drew a check for 5,000 to the order of I. A. Evans, which was by him endorsed in blank. This check was deposited by Mr. Potter in his account in the Maverick Bank and he received credit for it in account.

During the summer and autumn of 1891, when the account "special No. 2" showed large losses, and when the account of Evans & Co. at the Maverick Bank, where they were depositors, showed large drafts, Mr. Potter certified himself personally the checks of Evans & Co., and the cashier and other officers did the same by the orders of Mr. Potter, and the checks thus certified were used by Evans & Co. in the purchase of bonds and stocks, and the exact amount of the checks so certified on their respective dates appear in the account "I. A. Evans, special No. 2." There is also charged in said account under date of July 1, 1890, an item of \$2,000 interest paid to the Maverick Nat. Bank. I am by this evidence forced to the conclusion that Mr. Potter was jointly interested with I. A. Evans & Co. in the account of I. A. Evans, special No. 2, and carried his half or perhaps more of the losses in speculation shown by the accounts by allowing Evans & Co. to borrow large amounts of the Maverick Bank and to overdraw this account. Mr. W. R. Evans was summoned before the grand jury and testified as follows:

W. R. Evans stated in presence of Mr. Horton, Mr. Allen, and Mr. Ewer, among other things, as follows:

Q. But were they not in the account?—A. No, sir.

Q. You started to say something about the overdraft?—A. Yes. As I saw that growing from day to day, and knowing how the special account was—that they were short of the market, and they would be liable to lose, because the market was going up—from that, knowing that Mr. Potter wouldn't pay checks without some special reason, I judged there was a special account.

Q. Which of the two, Mr. Potter or your brother, was in duty bound to put up the margin required?—A. I should say they should put it up equally, if, as I understand, they divided it half and half.

Q. (By Mr. Allen.) You thought that he should pay half the loss at least?—A. Yes, sir; that was the way I felt.

Q. (By Mr. Ewer.) We know that the firm was responsible nominally, but it was the ultimate responsibility I wanted to know about. Have you any idea of the amount of loss on this joint account?—A. I couldn't give you that exactly.

Q. Could you make an estimate?—A. Well, I should think in the neighborhood of \$400,000. Of course I should be—

Q. Did Mr. Potter make that settlement?—A. Yes.

Q. Who made it? How was it brought about?—A. I made the settlement with Mr. Potter.

Q. Did you have any conversation with him about liability on joint account?—A. Yes, sir.

Q. Did he admit it?—A. I don't know whether I want to say whether he did or not.

Q. Did he deny it?—A. I think he did at times, and at other times he didn't.

Q. Did you tell him he had had a good deal of money out of the concern?—A. I did.

Q. Did you tell him it was his duty to stand in with the losses?—A. I didn't go to try to get any money out of him. I went to make a settlement. I said: "You know there is a bad account at the office, and a bad account here." He didn't know about that. I said: "You know there is a bad account, one at the bank." He did know about that. I asked him if he wanted to make a settlement, and I said: "I want to make a settlement." He didn't want to. I said: "It is no use talking, Mr. Potter; if that is your position, I can not make a settlement." I said: "You settle that, Mr. Potter, or the firm will assign to-morrow morning." So he settled at once.

Q. Now, what was the settlement that Potter made?—A. I said to him he wouldn't have any trouble; I wanted to get this thing out of the way, and he offered \$50,000. Col. Pope was the only man in to make this settlement, and a party in New York. He offered to come in the minute this thing was straightened out. I told Mr. Potter we would call it quits, we will strike out your debt down there and you cancell what we owe you here. That was done.

Q. How much did Mr. Potter owe then down there?—A. Three of four hundred thousand dollars.

Q. That was wiped off, and the concern's indebtedness—what was to be done with that?—A. There was a little hitch there. I said, "I will see that everything is wiped off down there."

Q. As far as liability was concerned?—A. As far as liability was concerned. I am by this evidence forced to the conclusion that Potter in making the settlement with Evans & Co. obtained a release of his indebtedness to that firm in consideration of a release of an indebtedness of substantially the same amount (\$400,000) due from the firm to the bank. This it seems to me was a fraud upon the stockholders and creditors of the bank, and that the settlement thus made can be avoided by Mr. Beal, the receiver. If he can avoid the settlement it would apparently be of advantage to the trust, as he could then prove an indebtedness of about \$400,000 or more against the assignees of Evans & Co., and should rateably with the other creditors in the dividends.

It would seem to be his duty under these circumstances to bring suit to set aside the settlement and be admitted as a creditor under the assignment. This letter is written at the request of the Comptroller of the Currency to obtain your advice as to the proper course to pursue.

Very truly, yours,

EDWD. W. HUTCHINS.

P. S.—I hope you will be kind enough to excuse this rough and hurried statement of these facts, as I have not had time to have this letter rewritten, but am obliged to send you the rough draft.

No. 55.

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, D. C., March 7, 1892.

Mr. T. P. BEAL,
Receiver Maverick National Bank, Boston, Mass.:

SIR: I enclose herewith a letter addressed to me by the Solicitor of the Treasury under date of March 5th, in which he gives it as his opinion that your duty to the stockholders and creditors of your trust requires that you should attempt to recover from Irving A. Evans & Co. the notes surrendered at the time of the alleged settlement between said company and the Maverick National Bank on or about the 21st day of October last. If, therefore, you and your counsel still believe that it is necessary to properly protect the interests of your trust that this suit should be brought, you may proceed in accordance with the opinion of the Solicitor enclosed.

Very respectfully,

E. S. LACEY,
Comptroller.

TREASURY DEPARTMENT,
OFFICE OF COMPTROLLER OF THE CURRENCY,
Washington, D. C., March 24, 1892.

Hon. N. N. COX,
House of Representatives:

SIR: I have the honor to acknowledge the receipt of your favor of the 27th ultimo, which reads as follows:

"The Committee on Banking and Currency have under examination the Maverick Bank failure. Will you please furnish me all the information you have in regard to such failure, and what steps, if any, have been taken to punish the officers in regard to the matter."

I have also been verbally informed by you that, as a member of the Committee on Banking and Currency, you desire a concise statement of the facts connected with the failure, but do not wish copies of the correspondence and reports.

The Maverick National Bank of Boston was examined by Mr. J. W. Magruder in January, 1891. The examination began on the 7th day of that month and closed on the 26th. The report reached me on February 9th. At the date of this examination it had in capital \$400,000, in surplus \$800,000, and in undivided profits \$254,585.92. Its gross deposits were \$9,339,126.54, of which the sum of \$6,142,327.26 was due to banks and bankers, and \$3,196,799.28 to individual depositors. It had on hand in cash \$873,258.39; in exchanges for the clearing-house and checks on other Boston banks, \$539,181.39; in balances due from banks and bankers, \$1,448,555.16, and on deposit with the Treasurer of the United States, \$22,250; in all, \$2,883,244.94 of cash and its equivalent.

Its lawful money reserve had averaged 23.97 per cent of its liabilities for the preceding thirty days. Its reserve was short, however, on the day the examination commenced in the sum of \$1,005,141.29, which was due to the fact that the sum of \$1,103,746.95, consisting of balances due from banks and bankers, was not legally available for reserve as it was not due from banks which had been approved as reserve agents. The cashier reported, however, that the reserve was made good prior to the completion of the report. Two other matters disclosed by the report of the examiner seemed not to be in conformity with legal requirements: (1) Certain loans in excess of the limit prescribed by section 5200 of the U. S. Revised Statutes, and (2) certain loans made upon real-estate security.

The most important of those in the first category consisted of loans made to Irving A. Evans & Co., Jones, Cook & Co., and D. M. Sabin. These are described in the report of the examiner, as follows:

"\$134,870 to Irving A. Evans & Co., with collateral security.

"\$80,000 to W. T. Bliss, a member of the firm, endorsed by Irving A. Evans.

"\$20,000 to A. B. Tobey, a member of the firm, endorsed by Irving A. Evans.

"There are three other notes, amounting to \$94,503.82, made by employees of the firm, with collateral security consisting of stocks, etc., payment of which is guaranteed by the firm, and one other note for \$35,000, made by an employee of the firm, secured by a like amount of notes made by Thomas Dana, endorsed by the firm. Irving A. Evans & Co. are well-known brokers and bankers in this city, and the firm is claimed to be perfectly good."

The firm of Irving A. Evans & Co. was rated at \$200,000 to \$300,000 with high credit.

"\$95,000.00 to Jones, Cook & Co., with collateral security, and endorsed Frank Jones & Co.

"\$120,864.17 to Charles A. Sinclair, a member of the firm, with collateral security.

"There are other notes, as follows: \$35,000, made by T. S. McGowen, an employee, with collateral security, and endorsed by C. A. Sinclair; \$45,020.27, made by the same, payment of which is guaranteed by Charles A. Sinclair; \$39,000, made by Henry T. Gould, also an employee, payment of which is guaranteed by Charles A. Sinclair; and \$24,000, made by John W. Weeks, of the firm of Hornblower & Weeks, brokers, payment of which is secured by the endorsement of Charles A. Sinclair.

"It will be noticed that the amount of the notes made by T. S. McGowen exceeds the limit prescribed to loans.

"All the notes described above are claimed to be good beyond question."

The firm of Jones, Cook & Co. was rated by "Bradstreet" at \$1,000,000 and over, with good credit.

"\$182,500 to D. M. Sabin, with collateral security.

There are three other notes made by W. W. Keen (\$5,102.50), Fred. G. Norris (\$15,755.01), and C. K. Davis (\$10,210), amounting to \$31,067.51, with collateral security, and endorsed by D. M. Sabin; and there are notes amounting to \$20,000 made by D. M. Sabin, endorsed by Thos. Lowry."

In addition to these there are nineteen other loans to various persons, apparently in excess, ranging in amounts from \$40,000 to \$80,000, only six of which exceed \$50,000. Upon only one of these excessive loans, however, was any loss probable, as shown by the report, and that one is referred to in the following language, to wit:

"\$3,049.08 to Charles E. Raymond, with collateral security, but not sufficient to protect the debt. The borrower is dead and his estate is in process of settlement, and there may be some loss on the debt. There is another note for \$5,000 made by E. H. Pearson, endorsed by Charles E. Raymond, payment of which is dependent on Raymond's collateral and dividend from his estate."

Two other excessive loans, to wit, one to Jonas H. French and one to Thos. Dana & Co., are fully set forth below, together with their indirect liabilities.

The indebtedness of Jonas H. French, direct and indirect, was represented by 29 promissory notes, as follows:

6 pieces, Jonas H. French, maker.....	\$58,080.33
9 pieces, by various persons, and endorsed by J. H. French	140,281.43
12 pieces, by various persons, and guaranteed by J. H. French	431,292.21
2 pieces, by various persons, and guaranteed by J. H. French and A. P. Potter	74,528.96
Total	\$704,182.93

Of this paper a certain portion was claimed to be good without the endorsement of J. H. French, and another portion was said to be covered by collateral, as follows:

6 pieces claimed to be good without his endorsement	157,545.91
Value of collateral pledged.....	463,391.55
Amount dependent upon endorsement of J. H. French.....	83,245.47
	\$704,182.93

The indebtedness of Thos. Dana & Co. is thus stated:

5 pieces by Thos. Dana & Co.....	40,000.00
1 piece by Thos. Dana	10,869.00
2 pieces by W. O. Delano.....	5,032.56
1 piece by W. O. Delano, endorsed by J. W. Work.....	5,000.00
2 pieces by W. O. Delano, endorsed by Thos. Dana & Co.....	41,000.00
2 pieces by W. H. Raymond, endorsed by Thos. Dana & Co.....	40,000.00
1 piece by H. F. Brooks, endorsed by W. O. Delano.....	839.09
1 piece by H. F. Brooks, endorsed by Thos. Dana.....	2,000.00
1 piece by E. H. Rowe, endorsed by Thos. Dana and Thos. Dana & Co.....	15,000.00
1 piece by E. H. Row, endorsed by Thos. Dana & Co.....	35,000.00
1 piece by C. M. Dunmore, endorsed by Thos. Dana and W. H. Ray- mond.....	10,000.00
1 piece by C. M. Dunmore, endorsed by Thos. Dana & Co. and Thos. Dana.....	20,000.00
1 piece by J. C. Greeley, endorsed by Thos. Dana & Co. and Thos. Dana.....	25,000.00
1 piece by A. A. Finneran, endorsed by Thos. Dana & Co. and W. O. Delano.....	30,000.00
1 piece by E. H. Pearson, endorsed by Thos. Dana.....	6,570.00
2 pieces by various persons, guaranteed by Thos. Dana.....	23,936.54
7 pieces by various persons, guaranteed by Asa P. Potter and Thos. Dana.....	142,155.28
2 pieces by various persons, endorsed by Thos. Dana & Co.....	35,379.88
Total.....	\$487,782.35

W. H. Raymond and W. O. Delano were members of the firm of Thos. Dana & Co.

Of the paper above listed—

14 pieces were claimed to be good without endorsement of Thos.

Dana.....	\$376, 320.17
Value of collaterals pledged.....	126, 100.00
Total	\$502, 420.17

The entire line appeared, from facts stated, to have been good aside from Thos. Dana's endorsement. The firm of Thos. Dana & Co. were rated at \$300,000 to \$500,000, with high credit.

The paper upon which Asa P. Potter was directly and indirectly liable was stated thus:

A. P. Potter, direct loan	\$38, 900.00
6 pieces by various persons, endorsed by A. P. Potter.....	82, 023.70
25 pieces by various persons, guaranteed by A. P. Potter	393, 171.28
7 pieces by various persons, guaranteed by A. P. Potter and Thos. Dana.....	142, 155.28
2 pieces by various persons, guaranteed by A. P. Potter and C. A. Sinclair.....	84, 020.27
2 pieces by various persons, guaranteed by A. P. Potter and J. H. French.....	74, 523.96
1 piece by A. J. Hosler, guaranteed by A. P. Potter and H. D. Hyde	49, 211.76
Total	\$1, 361, 041.25

Of the above listed paper—

22 pieces were claimed to be good without his endorsement	\$415, 228.20
Value of collateral pledged.....	950, 140.00

Total.....	\$1, 365, 368.20
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This entire line appeared from the facts stated to have been good aside from Potter's endorsement.

Of the above notes only two were in excess of \$40,000, to wit: \$45,020.27 and \$49,241.76, respectively.

The very large indirect liabilities of Mess. French, Dana, and Potter were not, so far as the report shows, in violation of law, nor was it stated by the examiner that any loss whatever was probable upon any of these loans. Each of these directors were understood by the Comptroller to be persons of large means and high credit.

Certain loans upon real-estate security were reported, some of which were clearly lawful and others in doubt. It seemed probable that those listed below were not authorized by law, although it was not certain that such was the case, as none of the mortgages run directly to the bank:

J. P. Squire.....	\$20, 000.00
W. S. King.....	25, 000.00
H. D. Hyde.....	14, 327.17
N. W. Jordan.....	21, 000.00
J. T. Curry.....	34, 500.00
L. M. Childs.....	60, 000.00
T. M. Stevens.....	49, 241.76

The security for these loans was reported as sufficient, and no loss anticipated.

In regard to the general management of the bank the examiner used the following language:

"The bank is more frequently than otherwise a borrower from other banks, members of the Clearing House Association in Boston. No collaterals are given to secure such loans, and the rate of interest paid for them varies from time to time according to the rate ruling for loans between banks at the clearing house for the time being. The bank was borrowing \$490,000 from ten different Boston national banks in the manner referred to at the date of this examination. The bank is occasionally, but not frequently, a lender in the same way. The bank sometimes borrows from one of its reserve agents, as described under 'Due to reserve agents, banks, and bankers' on the preceding page. Such loans as those described are not specifically authorized by formal vote of the directors, but the practice is known to and understood by them, so that the loans may be said to be virtually sanctioned by them."

"The officers are capable, and their management is efficient and successful, in so far as it results in large profits. It is questionable whether or not their management can be called prudent, in view of the number of excessive loans made, and the frequent deficiencies of reserve."

"The general character of the loans and discounts, and the value of the collaterals appear to be fairly good, and the accommodations appear to be fairly well distributed, with the exception of the numerous excessive loans listed on the accompanying sheets."

"The management of the bank is very enterprising, and to both its individual customers and to other banks that keep accounts with it, the number of which is large, the bank is very useful and accommodating. It is to this spirit of enterprise and desire to accommodate its customers that the making of excessive loans, and the frequent deficiencies of reserve, are, in part, at least, to be attributed. The capital stock of the bank is quite small in comparison with its deposits and business."

"While the general condition of the bank is such that its managers claim that its resources are ample to meet its liabilities to the public, its business is too much extended and it would be in a better and safer condition if its loans, discounts, and investments should be so reduced as to be commensurate with its legitimate means, and the necessity for frequent borrowing, and frequent deficiencies of reserve be thereby avoided."

This report came to hand during a period of unexampled depression and general distrust. The entire country was passing through a process of liquidation, as evidenced by the enforced issue of over \$31,000,000 in clearing-house certificates by the associated banks in the cities of New York, Philadelphia, and Boston. Want of confidence in banking institutions was prevalent in all parts of the country. The Maverick National Bank held reserve balances for several hundred interior banks who would be seriously and perhaps fatally embarrassed by its failure under the unfavorable conditions then existing. The Comptroller was impressed with the necessity for the exercise of great prudence and caution at all points, and especially in dealing with a bank holding nearly \$6,000,000 in balances due to banks.

At the close of the examination under consideration, and before the report had been received, Examiner Magruder visited Washington, and the general situation, together with the affairs of the Maverick National Bank, were fully discussed. He assured me that, in his opinion, it was entirely solvent, with its capital unimpaired, and that he anticipated no losses, except those stated in his report, which were as follows:

"The suspended and overdue paper is in process of collection, as far as possible, but owing to the death of some of the parties liable on it, whose estates have proved to be less valuable than was expected, settlement is slow, and a large proportion of the paper has come within the category of "bad debts," as defined by the law, and it is estimated that the loss on both classes of the suspended paper will be from \$100,000 to \$125,000, and possibly more."

The estimated loss on \$981,648.23 in stocks, bonds, and securities is stated at \$69,183.23 less interest accrued on the bonds and the value of the several items as to which the examiner was not informed. A small loss was also stated as probable upon a loan of \$43,049.08 to Charles E. Raymond, heretofore alluded to, which was not fully covered by collaterals. From the fact stated in the report the entire losses anticipated would fall below \$200,000, while the surplus and undivided profits were stated at \$1,254,585.92. It was therefore apparent upon the facts stated that no impairment of capital existed, not to say anything of insolvency, of which there was not the slightest intimation, either in the report or in the personal interview with the examiner. After very careful consideration of all the facts and of the views expressed by the examiner, who was regarded as second to none in point of experience, integrity, and ability, it was determined that upon his return to Boston he should place the views of the Comptroller before the officers of the bank. He was to insist upon a reduction of all excessive loans to the lawful limit, the maintenance of a lawful reserve, and a compliance with the law at all points. He was also to use his best endeavors to the end that the very large indirect liabilities of the directors should be reduced as fast as practicable, and, in the mean time, kept properly secured. It was also deemed best that his personal representations should be followed later on by a letter from the Bureau reinforcing his efforts in behalf of more conservative methods.

In accordance with this arrangement a letter was addressed to Mr. Asa P. Potter, president, on the 1st day of May, in which his attention was called to sec-

tion 5200, U. S. Revised Statutes, and the necessity for reducing to the limit therein fixed the loans reported in excess. Also to the large indirect liability of directors, as indorsers, and to the deficiency in lawful-money reserve. He was also criticised for so frequently appearing as a borrower from other banks, and was requested to reduce the line of loans and discounts to more conservative limits. He was also requested to charge off the probable losses on overdue paper.

In reply to this letter Mr. Asa P. Potter, president of the bank, said, under date of May 12: "The subject matter shall have full consideration and the suggestion carried out."

The affairs of the Maverick Bank were the subject of correspondence between the Comptroller and Examiner Magruder during the summer months, and the latter, in a communication dated July 2, said:

"As to the Maverick National Bank, while I can not speak from any knowledge of details since I examined it in January last, I do not suppose that there has been any material change in the loans reported, but it is, I think, in easier condition than it was then. There is every outward appearance of prosperity about the institution, and its managers claim that it is good and solvent beyond any possibility of doubt. I could not, of course, give you any definite information as to the condition of its affairs at this time of my own knowledge without informing myself by making another examination, which I should do at any time, if you desire it, though it would excite remark if I should visit the bank again this year. In the ordinary course it will not be due for examination again until after Jan'y 1, 1892, having been last examined on Jan'y 7, 1891."

From this letter it appeared that Mr. Magruder was not aware of any material change in the loans of the bank, at which I was somewhat surprised, as an improved condition in lines criticised had been anticipated.

In the mean time I had been informed that a sharp decline had taken place in the value of the shares of the Boston and Maine Railroad, of which company Mr. Asa P. Potter was a director. After consultation with the Secretary of the Treasury and laying before him the report of Examiner Magruder I decided to have another examination made, although in the ordinary course it would not be due until the following January. In reply to my letter to Examiner Magruder directing this examination, he, under date of August 1, 1891, said:

"I do not believe that there is any bank in Boston about which you need feel any uneasiness as to its solvency, for I can not but believe that the Maverick National Bank would be able to meet its obligations to its creditors, and that there is no other bank there that could not do so."

Again, on August 7th, he writes:

"As you said in your letter of July 31st ultimo, that you are anxious to know what change has taken place in the condition of the Maverick National Bank since the examination of last January, I have made some inquiries as to how the bank had been running recently, and particularly while I was away from the city on my recent vacation, and I think you may be interested to know the result of my inquiries, and therefore write you.

"You are probably aware that money has been quite scarce in this market, and has commanded much higher rates than in New York, and I was prepared to hear that the Maverick National Bank had found it necessary to borrow considerably, but on inquiry * * * I was informed (and I confess quite to my surprise) that the available funds for transactions between banks at the clearing-house were pretty well concentrated in the ——— National Bank and the Maverick National Bank. The latter has for some little time past, it seems, been an almost constant lender to other banks on the street, its loans of that kind having reached as high as \$1,000,000, and having averaged daily between \$500,000 and \$600,000, if I am correctly informed, and I believe that my information is reliable. This, of course, indicates an easy condition as to money with the Maverick National Bank which is rather exceptional among the banks of this city just now, as you will readily understand when I tell you that the rate for loans between banks at the clearing-house is and has for some days been 7 per cent, that call loans on collateral command the same rate, and that regular customers are obliged to pay their banks 6 per cent needed accommodations, which is a pretty high rate for this market when the balances kept by regular customers are taken into consideration.

"Another favorable feature with regard to the Maverick National Bank is that the Boston and Maine R. R. stock has advanced quite considerably from the lowest point it reached in the recent decline, * * * and persons who are generally well informed express the opinion that the stock is bound to advance still

more in price. There has also been a handsome advance in West End Railway common stock, which sold at \$70 per share to-day. Par value \$50."

These letters served to confirm my belief in the entire solvency of the bank under consideration.

The second examination began on the 18th of August, closed on the 4th of September, and the examiner's report reached this office on the 12th of the latter month. This showed the bank to have in—

Capital.....	\$400,000.00
Surplus.....	800,000.00
Undivided profits.....	255,112.80
Total capital, surplus and profits.....	1,455,112.80
Due to banks.....	5,782,283.80
Individual deposits.....	4,261,516.06
Total deposits.....	10,043,799.86
Due from other banks.....	2,206,971.88
Exchanges for clearing house.....	608,040.46
Cash.....	1,278,251.09
Total cash and exchange.....	4,093,263.43

Its reserve was \$86,074.22 in excess of the lawful requirement. On the day the examination commenced it was a borrower from other Boston banks to the amount of \$474,000, although while the examination was in progress it was at times a lender for more than this amount.

Among the loans reported in excess of the limit prescribed by section 5200, U. S. Revised Statutes, the most prominent were those to Jones, Cook & Co., Irving A. Evans & Co., and D. M. Sabin & Co., which are thus described:

"\$27,000 on notes of Jones, Cook & Co., single name.

"\$45,000 on notes of Jones, Cook & Co., with collateral consisting of 1,500 ordinary shares of the stock of the Frank Jones Brewing Co., 'Limited,' which is not quoted in this market.

"20,000 on note of Frank Jones, a member of the firm, on collateral consisting of \$26,000 par value Eastman Freight Car Heater Co., 1st m'tge 6 per cent bonds, which are seldom, if ever, quoted.

"\$120,864.17 on notes of Charles A. Sinclair, also a member of the firm, with collateral."

There are other notes, as follows:

"\$24,000 made by J. W. Weeks (of the firm of Hornblower & Weeks, stock brokers, rated 'fair'), endorsed Charles A. Sinclair, \$35,000 and \$45,020.27 or \$80,020.27, made by T. S. McGowen, an employé, with collateral security, payment of which is guaranteed by C. A. Sinclair and A. P. Potter. \$39,000 made by Henry T. Gould, also an employé guaranteed by C. A. Sinclair and A. P. Potter, the latter stating that the guaranteed notes are to be paid by C. A. Sinclair and no part of them by him, and that they should not be considered an indebtedness of his. The two notes made by T. S. McGowen are equal to more than one-tenth of the capital of the bank, but being listed here as subsidiary notes, they are not listed in the margin, as in themselves excessive loans. The firm of Jones, Cook & Co., is rated by 'Bradstreet' at \$1,000,000 and over, with 'good' credit.

"\$162,722.50 on notes of Irving A. Evans & Co., with collateral.

"\$10,000 on note of William T. Bliss, a member of the firm, and endorsed by it.

"\$15,000 on note of Austin P. Tobey, also a member of the firm, and endorsed by it.

There are other notes with collateral security consisting of stocks, bonds, &c., endorsed or guaranteed by Irving A. Evans & Co., as follows:

"\$40,000 made by Scott F. Bickford; \$40,000 made by J. Herbert Day; \$40,000 made by G. Henry Knapp; \$34,000 made by C. G. Lenfest; \$36,000 made by C. J. Colan; \$38,000 made by C. V. Goldthwait; \$14,503.82 made by Edgar G. Frost; \$22,000 made by E. W. L. Nichols, employees of the firm.

"There is also another note made by E. W. L. Nichols for \$35,000 (making \$57,000 in all) which is secured by \$35,000 in notes of Thomas Dana, endorsed Irving A. Evans & Co. In addition there are also notes for \$50,000 made by Louis Ross and endorsed Irving A. Evans & Co.

"It will be noticed that the two notes made by E. W. L. Nichols are above the limit in themselves, as also are the notes made by Louis Ross, but being

listed here as subsidiary notes, they are not listed in the margin as in themselves excessive loans.

"There are also three other loans in connection with the indebtedness of Irving A. Evans & Co., that equal the prescribed limit, but being listed and once described here, they will not be again listed as loans equal to the limit. The whole of this class of indebtedness amounts to \$537,226.32, and the value of the collateral pledged is estimated at \$323,876.25. It is claimed that the personal notes of the two members of the firm, amounting to \$25,000, and the notes of Louis Ross for \$50,000, are good of themselves. These amount to \$75,000, and if deducted from the total liability, there will be left \$462,226.32, while the value of the collateral pledged is estimated at but \$323,876.25, leaving \$138,350.07 dependent, practically, on the firm's name. The firm is in the stock brokerage business in this city, and is rated at from \$200,000 to \$300,000 with 'High' credit, and it is claimed by the president of this bank that the firm's indebtedness to the bank is perfectly good.

"\$65,000 to D. M. Sabin, with collateral. There are other notes, as follows:

"\$17,500 made by W. W. Keen, guaranteed by D. M. Sabin; \$15,307.50 made by W. W. Keen, with collateral; \$10,119.58, made by C. K. Davis; \$10,239.16, made by The Woodville Southern R'y Co.; \$3,353.88, made by the St. Croix Land & Lumber Co., endorsed Minnesota Thresher Manufacturing Co., and \$750, made by the Minnesota Thresher Manufacturing Co., which letter notes are endorsed by D. M. Sabin. In addition to these there are also notes amounting to \$20,466.68, made by D. M. Sabin, endorsed by Thomas Lowry. The whole of this indebtedness is claimed by the President to be good."

16 other loans, to various persons, were also listed, ranging from \$40,000 to \$80,000, all of which were apparently good, no loss being stated by the examiner as probable.

The direct and indirect liabilities of Directors French, Dana, and Potter still appeared in undiminished volume, the particulars of which are stated below:

The direct and indirect liability of Jonas H. French consisted of—

5 pieces by Jonas H. French, payor.....	\$49, 877. 60
3 pieces by various persons, endorsed by J. H. French.....	156, 130. 18
14 pieces by various persons, guaranteed by J. H. French.....	506, 292. 21
2 pieces by various persons, guaranteed by J. H. French and A. P. Potter.....	74, 528. 96
Total	786, 828. 95

Of the above paper—

9 pieces were claimed to be good without French's endorsement....	252, 294. 66
Value of collateral pledged.....	299, 888. 30
Dependent upon the endorsement of J. H. French.....	234, 645. 99
Total	786, 828. 95

Aside from the above collateral J. H. French was reported as the owner of stock in the Maverick National Bank valued at \$289,500, a part of which was hypothecated elsewhere for \$93,000.

The direct and indirect liability of Thomas Dana & Co. consisted of—

2 pieces, Thomas Dana & Co. payors.....	\$15, 000. 00
3 pieces, Thomas Dana payor.....	24, 731. 50
3 pieces, W. O. Delano, endorsed by Thos. Dana & Co.....	49, 032. 56
2 pieces, W. H. Raymond, endorsed by Thos. Dana & Co.....	40, 000. 00
2 pieces, H. F. Brooks, endorsed by Thos. Dana.....	2, 725. 00
4 pieces, by various makers, endorsed by Thos. Dana & Co. and Thos. Dana.....	50, 000. 00
5 pieces, various makers, endorsed by Thos. Dana and Co. and Thos. Dana.....	72, 564. 53
1 piece, C. M. Dunmore, endorsed by Thos. Dana & Co. and W. H. Raymond.....	10, 000. 00
3 pieces, various makers, endorsed by Thos. Dana & Co. and W. O. Delano.....	30, 000. 00
1 piece, E. H. Pearson, endorsed by Thos. Dana.....	6, 570. 00
5 pieces, various makers, endorsed by Thos. Dana and A. P. Potter.....	140, 075. 28
1 piece by H. Dana.....	13, 606. 71
1 piece by W. F. Dana.....	9, 819. 83
Total	464, 125. 41

Of the notes listed above—

13 pieces were claimed to be good without Thos. Dana's endorsement	339,359.73
Value of collateral pledged	130,420.00
Total	469,779.73

All the Dana paper was, therefore, claimed to be good of itself or covered by collateral.

W. H. Raymond and W. O. Delano were members of the firm of Thos. Dana & Co. The firm was rated at from \$300,000 to \$500,000, with "high" credit.

The direct and indirect liability of Asa P. Potter is stated thus:

1 piece by Asa P. Potter	\$20,000.00
4 pieces by various persons, endorsed by A. P. Potter	78,936.71
29 pieces by various persons, guaranteed by A. P. Potter	1,000,797.55
2 pieces by sundry persons, guaranteed by A. P. Potter and C. A. Sinclair	84,020.27
2 pieces by various persons, guaranteed by A. P. Potter and J. H. French	74,528.96
7 pieces by various persons, guaranteed by A. P. Potter and Thos. Dana	140,075.28
1 piece by A. J. Hosler, guaranteed by A. P. Potter and H. D. Hyde	49,241.76
Total	1,456,600.53

Of the notes listed above—

14 pieces were claimed to be good without Potter's endorsement ..	445,983.13
Value of collateral pledged is stated at	643,136.00
Amount dependent upon name of A. P. Potter	367,481.40
Total	1,456,600.53

In addition to the collateral above mentioned A. P. Potter was reported as the owner of shares in the Maverick National Bank valued at \$438,000, a part of which was hypothecated elsewhere for \$126,100.

In relation to these parties the Comptroller was led to believe, from information received by him deemed to be reliable, that Asa P. Potter was worth \$1,000,000 and Jonas H. French about \$500,000; Thomas Dana & Co. were rated at from \$300,000 to \$500,000, and with "high" credit.

It will be observed that the examiner did not state that any loss was probable upon any of these loans. It is also to be noted that so far as the facts were developed by the report the endorsements of the three directors, Potter, French, and Dana, were not in violation of law.

The book value of the stocks and bonds were stated at \$884,413.69. In regard to these securities the examiner says:

"The estimated market values of the several items, so far as they could be ascertained and so far as are stated herein, amount to \$792,187. To this could be added whatever accrued interest there may be on such bonds as are sold in this market, and also whatever amount the stock and bonds may be worth for which no estimated market value could be ascertained. There is also a margin of premium on the U. S. bonds held."

The following loans on real estate were apparently open to criticism as not being warranted by law, although the facts stated are not sufficient to demonstrate that such was the fact:

Thomas M. Stevens	\$45,000
Debtor, name not given	12,500
W. S. King	25,000
Thomas M. Stevens	49,241.76

In each of these cases the debt is claimed to be good, and the estimated value of the property pledged sufficient.

Several other loans, secured directly or indirectly by real estate, were noted, but they were reported as good, and no violation of law was shown.

It is proper to state that the Comptroller is not authorized to close a bank on account of excessive or real estate loans. No penalty is provided for such violations of law, except it be by the institution of proceedings to forfeit the franchise. This remedy is found to be practically of no avail, and has never been applied to a going bank.

In reference to the general management of the affairs of the bank, the examiner uses the following language:

"The officers are capable, and their management is efficient, in so far as it results in large profits. It is questionable whether or not their management can be considered prudent in view of the number of the excessive loans made.

"As regards the loans and discounts, which are not excessive, and the collaterals pledged, it can be said that their general character is fairly good, and the accommodation appears to be fairly well distributed. As regards those which are excessive, while the collaterals in most cases are of a fair quality, there are some loans which are not sufficiently protected, although there may be no loss made upon them, loans reaching the limit prescribed by section 5200, as well as those which exceed the limit, will be found on separate sheets accompanying this report.

"The management of the bank is very enterprising, and both to its individual customers and to other banks that keep accounts with it, the number of which is large, the bank is very useful and accommodating. It is to this spirit of enterprise and desire to accommodate its customers that the making of excessive loans are, in part at least, to be attributed. The capital of the bank is small in comparison with its deposits and business."

At the close of the report, under the head "Recapitulation," the following printed instructions to examiners are inserted:

"State in all cases, briefly, your opinion as to general condition of the bank, and whether its business is prosperous or not. Whether it appears that any loss has been sustained or is probable on any item of resources, or that value of same has depreciated, enter the book value of such item or items in schedule below, together with estimated probable loss on same. If no loss is probable, indicate it by the word 'none.' In every report state below surplus and profits on hand at date of examination."

In accordance with these instructions the examiner inserted the following tabulated statement and general remarks:

RECAPITULATION.

Resources.	Book value.	Probable loss.
"Bad debts".....	\$68,122.39	\$69,322.39
Other overdue paper.....	108,017.00	7,650.00
Other loans and discounts.....	6,344,622.62	See remarks.
Overdrafts.....	94.23	0
Premiums on U. S. bonds.....	3,902.95	0
Stocks, securities, claims, etc.....	884,413.69	See remarks.
Banking-house.....	0	0
Furniture and fixtures.....	30,963.62	(a) 30,963.62
Other real estate and mortgages.....	47,958.35	0
Cash items.....	5,105.25	0
Total	7,493,200.10	\$97,936.01
Surplus fund.....		800,000.00
Undivided profits.....		255,112.80
Total		\$1,055,112.80
Less current expenses, taxes, etc.....		41,481.74
Total surplus and profits		\$1,013,631.06

GENERAL REMARKS AS TO CONDITION OF BANK.

The general condition of the bank has somewhat improved since the date on which it was last examined, in so far as it has not been so frequent a borrower and has been stronger in its reserve. There are times, however, when it has to borrow largely. The bank does a very large business, and its earning capacity is likewise large. In this sense its business is a prosperous one. Excessive loans are still found, however, which is an element of danger. The officers of the bank claim with confidence that they consider their loan a good one, and no amount has been entered as a "probable loss" on the third item in the recapitulation. The officers are confident, also, that there will be no loss on its "stocks, securities, claims, etc.," and no amount has been entered as a probable loss on them.

(a) The whole amount of the book value of this item has been listed as a "probable loss," for the reason that it is the intention of the officers of the bank to ultimately charge it off.

It will be observed that the examiner states the total probable loss upon all the assets of the bank at \$97,936.01. As against this loss it held in net surplus and undivided profits \$1,013,631.06, after deducting current expenses, taxes, etc. Treating the estimate of the examiner as correct, the Maverick National Bank,

at the close of this examination, had \$915,695.05 in net surplus and undivided profits, in addition to its entire capital of \$400,000, all represented by good assets, after charging off the losses stated as probable. It is therefore apparent that no evidence was submitted to the Comptroller which would indicate that insolvency existed at the time this examination was made. As a matter of fact the ultimate result in liquidating the bank's affairs shows large losses upon the paper indorsed by A. P. Potter, J. H. French, and Thomas Dana, and Irving A. Evans & Co. But, if the entire amount stated by the examiner as dependent upon the respective names of these several persons and firms had been treated as absolutely worthless, the bank, as shown by the report, would still have remained entirely solvent. The amounts are thus stated by the examiner:

Amount dependent upon the name of Asa P. Potter	\$367, 481. 40
Amount dependent upon the name of J. H. French	234, 645. 99
Amount dependent upon the name of Thomas Dana	Nothing.
Amount dependent upon the firm name of Irving A. Evans & Co.	138, 350. 07
Total	740, 477. 46

If this amount be deducted from the net profits remaining, after deducting all losses stated by the examiner, we attain the following result:

Undivided profits remaining, as shown by report	915, 695. 05
Total amount at risk on account of paper indorsed by directors Potter, French, and Dana, and Irving A. Evans & Co.	740, 477. 46
Net profits remaining	175, 217. 59

The latter amount would still remain as undivided profits in addition to the full paid capital of \$400,000, all represented by good assets, the value of which is unquestioned in the report. As a matter of fact, however, nothing was stated in the report which would warrant the Comptroller in anticipating any such loss upon the paper made and endorsed by Potter, French, Dana, and Irving A. Evans & Co.

I have quoted in this communication every statement made in either of the reports of the examiner, in which any loss is stated as ascertained or probable. The report of August 18th came to hand on the 12th of September, and on the 14th of that month Mr. Asa P. Potter, president of the Maverick National Bank, arrived in Washington and had a very lengthy interview with the Comptroller, during which all matters open to criticism were canvassed in detail. The requirements of the law were fully brought to his attention, especially in relation to loans in excess of the ten per cent limit and those made upon real-estate security. The loans to Irving A. Evans & Co., Jones, Cook & Co., and D. M. Sabin were most prominent among those under consideration. The large line of paper endorsed by the directors was also brought to his attention, as being inconsistent with the principles of sound and conservative banking, and he was warned that the failure of any one of these prominent debtors would be likely to impair the confidence of the public and cause such a withdrawal of deposits as would place the stability of the bank in jeopardy. Mr. Potter fully acquiesced in the views of the Comptroller, and assured him that the interests of the bank should be fully and promptly protected and the objectionable paper retired at the earliest practicable date in the near future. These views of the Comptroller were, in large part, reiterated in a communication addressed to the president of the bank on the 25th of September, and the law applicable cited. Mr. Potter replied under date of September 28th, saying:

"All the suggestions you make are duly heeded and will be carried out."

On the 16th of October, 1891, Irving A. Evans committed suicide. About one week later the Winthrop National Bank of Boston, of which Mr. Wilmot Evans, a brother of the late Irving A. Evans, was president, threw out a certified check of the Maverick National Bank. The matter was reported to the clearing-house committee, whereupon Mr. Thomas P. Beal, chairman of the clearing-house committee, addressed a communication to the Comptroller, in which he stated this fact and asked permission on behalf of the committee to see the report made upon the examination of August 18th. Inasmuch as the committee had the right under the rules of the Clearing-house Association to enter the Maverick National Bank and make an examination of its affairs, the Comptroller deemed it wise to lay before them the examiner's report, as it seemed to him certain that the notoriety which would attach to an examination made by the clearing-house committee would be likely to produce disastrous results. He

accordingly telegraphed the examiner to lay before the committee all the facts covered by the report of August 18th, 1891.

On the 30th of October Mr. E. W. Hutchins appeared at the office of the Comptroller with a letter from the clearing-house committee, stating that he was their counsel and accredited representative. A full discussion of the situation was entered upon, during which the Comptroller asked Mr. Hutchins if the committee had authorized him to state that, in their opinion, the Maverick National Bank was then insolvent. He replied that he was not authorized to so state: that while they feared that insolvency might result, the information possessed by them was not such as to warrant them in advising the Comptroller that the bank should then be closed. It is to be observed that the committee was at this time much better prepared to judge of its solvency than the Comptroller, as they had before them all the facts disclosed by the examiner's reports, and beside that, were unusually well informed as to the makers of the paper and the value of the collaterals. After very careful consideration of the facts and the law applicable thereto, the Comptroller addressed to the bank examiner, Alfred Ewer, the following communication:

OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, D. C., October 30, 1891.

Mr. ALFRED EWER,
National-Bank Examiner, 50 State Street, Boston, Mass.:

SIR: I have this day received a letter from the clearing-house committee, by the hand of Mr. E. W. Hutchins, whom they constitute their representative, for the purpose of discussing the condition of No. 677 and measures looking to the protection of its creditors.

Mr. Hutchins informs me that the committee is not prepared to give it as their opinion that insolvency now exists; but they do consider its condition very serious.

They estimate a loss of about \$250,000 on Irving A. Evans & Co. paper, direct and contingent. Other anticipated losses may bring the total up to such an amount as to almost or quite absorb the capital, surplus, and undivided profits. After fully discussing the situation I have decided to clothe you with full powers of a national-bank examiner, with authority to act as the exigencies of the case may require. You will put yourself in full communication with the clearing-house committee and consult them freely as to everything connected with the bank. You are authorized to close it and take charge of all assets:

(1) In case the clearing-house committee shall suspend it from the privileges of the clearing house.

(2) In case said committee shall inform you that, in its judgment, the bank is insolvent.

(3) In case it fails to clear or commits any act of insolvency.

(4) In case run of any consequence upon the bank should commence.

(5) In case the directors of the bank shall fail on or before Monday next to replace the paper held by the bank and made by them, or for which they are liable, to such an extent as to make the bank's solvency unquestioned, in the opinion of the clearing-house committee and yourself.

You are authorized to make such further examination of the affairs of the bank as you or the committee may deem necessary and prudent, especially as to the general line of loans and discounts.

You will generally take such measures as will aid the bank, if solvent, and protect its creditors, if insolvent, always carefully considering the advice of the clearing-house committee, whom you will consult at all times.

Advise me fully by wire and letter, using cipher.

Very respectfully,

E. S. LACEY,
Comptroller.

Mr. Hutchins immediately returned to Boston, and upon the following morning delivered this communication to Mr. Ewer, who had been the assistant of Examiner Magruder, the latter being at this time dangerously ill, whereupon Mr. Ewer entered upon a further examination of the assets of the Maverick National Bank, and upon the first day of November came to the conclusion that the bank was insolvent, and immediately took possession of its assets, under the order of the Comptroller, and closed its doors.

On the 2d day of November Mr. Thomas P. Beal, president of the Second National Bank of Boston, and chairman of the clearing-house committee, was ap-

pointed receiver, and has since proceeded, with all due diligence, to liquidate the affairs of the association. At this date sixty per cent in dividends have been declared and paid to the creditors of the association whose claims have been submitted to and approved by the receiver. A further dividend of fifteen per cent will be declared during the present month. This will make in all seventy-five per cent paid to the creditors within five months from the date the bank closed its doors. A large amount of assets still remain, from which a considerable sum will ultimately be realized, and in due time divided among the creditors.

As to these remaining assets, it is thought that considerable time will be required to convert them into cash and the result can not at present be definitely determined. It is apparent, however, that the ultimate loss to creditors will be comparatively small.

All matters connected with the trust which in any way involve violations of law on the part of its officers and directors have been fully laid before the U. S. District Attorney, and the services of Bank Examiner Ewer have been placed at his disposal for the purpose of making an expert examination of all transactions of a questionable character, and to this end the said U. S. Attorney has been given free access to all the records and files of the trust. As to the action taken by the U. S. Attorney in this matter, you are respectfully referred to the Department of Justice, as prosecutions of criminal violations of law are under the exclusive jurisdiction of that Department. It is announced, however, in the public press that indictments have been found against Directors Potter, French, and Dana, and that they have been bound over for trial.

Very respectfully,

E. S. LACEY,
Comptroller.

TESTIMONY OF CHARLES J. STODDARD—Continued.

Q. Have you prepared copies of certain indicated correspondence in the Comptroller's office, showing authority to Receiver Beal to compromise and adjust various debts due the Maverick Bank, and will you annex the same?—A. Copies of the correspondence referred to have been prepared by me, and are submitted herewith, numbered from 57 to 83, inclusive.

Q. Have you a copy of the receiver's report of the condition of the bank March 31, 1892, and will you annex the same?—A. The desired copy is annexed, marked No. 84.

Q. Have you a copy of certain items of assets remaining in the hands of the receiver June 1, 1892? If so, will you annex the same and state what dividends have been paid the creditors up to that date?—A. The items desired are annexed in a schedule marked 85. The dividends declared to creditors to date amount to 80 per cent.

Q. Have you a statement showing the estimated loss to the bank through Potter, French and Dana and will you annex the same?—A. An estimate is presented herewith which has been prepared from data furnished by the receiver, contained in the above schedule 85. The estimate is marked 86.

No. 57.

[Thomas P. Beal, receiver.]

MAVERICK NATIONAL BANK,
Boston, December 3, 1891.

SIR: Mr. H. D. Hyde is indebted to the Maverick Bank on five demand notes guaranteed by A. P. Potter:

One note for	\$10,000.00
One note for	957.60
One note for	3,369.57
One note for	6,507.81
One note for	4,807.98

25,642.96

The bank holds as collateral for these notes 925 shares of the Brookline Land Company and \$17,500 bonds of the Boston Water Power Company, the property of Mr. Hyde. The bank also holds a demand note for \$49,241.76 signed by Albert J. Hosler (a person of no financial responsibility), guaranteed by H. D. Hyde and A. P. Potter, with four second mortgages made by T. M. Stevens for \$12,310.44 each as collateral.

The bank holds also as collateral for this loan a conveyance made to Mr. Work as trustee for the bank of two parcels of land in Boston, one of 6,587 square feet and the other 3,221 square feet, which cost some three years ago \$1.50 a square foot. Subject to the claim of the bank this land belongs half to Hyde and half to Potter. This is all the indebtedness of Mr. Hyde to the bank of which I have any knowledge.

The second mortgages made by Mr. Stevens are worth less than their face, but with the land make the note for \$49,241.76 pretty well secured. Hyde is generally considered good for an amount equal to his indebtedness over and above the collateral.

The \$17,500 water-power bonds form a part of the amount of \$37,500 about which I wrote asking leave to sell them at 80 or thereabouts. The Brookline land is worth less than \$5 a share. At these figures the collateral for the first five notes is about \$18,625.

Mr. Hyde offers to pay now the first five notes if on payment I will surrender the collateral. This seems to me a much better way to do than to sell the collateral for \$18,625 and look to Mr. Hyde to pay the balance.

With regard to the rest of his indebtedness he offers to have the land sold and apply the proceeds of the sale in reduction of the note for \$49,241.76 and when this is done to pay the balance of the note in cash, taking an assignment of the mortgages held as collateral. This will require, of course, some time. Meanwhile I can see no objection to my accepting payment of the first five notes and surrendering the collateral, but I write to obtain your approval of my delivering up the water-power bonds and Brookline land stock on payment of the first five notes. And also for your confirmation of my own judgment and that of my counsel that, as this is neither a sale of the property held as collateral nor a compromise, but merely a receipt of payment, and thereupon surrendering the collateral I need not obtain any order of the court authorizing me to do it.

If you think I should obtain an order of the court please telegraph me to that effect, as I must carry through this transaction with Mr. Hyde before December 9, in order that he may use the water-power bonds at the sale of that date.

Very respectfully,

THOS. P. BEAL, *Receiver.*

No. 58.

[Telegraphic message.]

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, December 4, 1891.

THOMAS P. BEAL,

Receiver Maverick National Bank, Boston, Mass.

Letter third received. May accept payment five notes of Hyde in full, and surrender collateral. Order of court not necessary. Arrange, however, for security balance indebtedness and eventual payment in full, as proviso.

E. S. LACEY, *Comptroller.*

No. 59.

[Thomas P. Beal, receiver. Maverick National Bank. Capital \$400,000. Surplus \$800,000.]

BOSTON, *December 21, 1891.*

SIR: I inclose a copy of the assignment of J. H. French, one of the directors of the Maverick National Bank. In this case one of the assignees, Mr. Almy, was selected by me to act in that capacity, and I can be sure that everything will be done to get the most out of the estate for the creditors.

Mr. Potter, the president, has made a similar assignment. The assignees in his case are Mr. Henry D. Hyde and Mr. Thomas N. Hart. Mr. Thomas Dana has not yet made an assignment, and from the statement of his affairs by his son made to my counsel there seems to be no necessity for his so doing, if his claim is true that he

has no property of any consequence outside of that pledged to the bank to secure his indebtedness.

With regard to the two assignments of Potter and French, the question will soon arise what course you wish me to pursue with reference to assenting to the assignments. If I do not assent I shall not be entitled to any dividends that may arise under the assignments. I do not know the value of the property held by the assignees of French.

Mr. Hyde assures my counsel that Mr. Potter's assets in the hands of his assignees are somewhat over \$100,000, with an indebtedness outside of the Maverick Bank of about \$125,000. The amount of the indebtedness to the bank can not be determined, of course, until the collaterals held by the bank are sold.

You will notice that by the terms of the assignments an assignment on behalf of the creditors is required within sixty days from date, unless the time is longer extended. You will also notice that if I assent to the assignments I thereby accept the dividends paid thereunder in full of all claims against the debtors.

Please advise me what course you wish to have me pursue with regard to assenting to these assignments.

I suppose, of course, that it will be necessary, if you think best for me to assent to the assignments, to obtain an order of court authorizing me so to do.

In order to avoid any interference with the proceedings begun by the Department of Justice against Mr. Potter and Mr. French, you will please consider whether or not that Department should not be consulted before assenting to the assignments.

These assignments can be rendered void by putting the parties into insolvency, but the same question will arise under proceedings in insolvency whether I shall prove the claim and run the risk of the debtors obtaining their discharge.

If you prefer, I can put them into insolvency.

Very respectfully,

THOS. P. BEAL,
Receiver.

Hon. E. S. LACEY,
Comptroller of the Currency, Washington, D. C.

This indenture, made this twenty-fifth day of November, A. D. 1891, by and between Jonas H. French, of Gloucester, Massachusetts, of the first part, Charles Almy, of Cambridge, and William H. Coolidge, of Newton, both in the county of Middlesex and said Massachusetts, of the second part, and the several persons, firms, and corporations, creditors of the party of the first part, who shall execute these presents within sixty days from the date hereof, or within such further time, if any, as said parties of the second part shall from time to time allow them of the third part, witnesseth:

That whereas said French is unable to pay his debts at maturity, and is desirous to convey all his property and estate wherever situated for the benefit of his creditors, to be distributed in substantial conformity with the provisions of the law concerning insolvent debtors, saving only such as is by law exempt from levy on execution:

Now, therefore, the said Jonas H. French, for the purposes herein contained and set forth, and in consideration of one dollar to him paid, by the parties of the second part, the receipt whereof is hereby acknowledged, has granted, bargained, sold, assigned, transferred, conveyed, and set over, and does hereby grant, bargain, sell, assign, transfer, convey, and set over, to said parties of the second part, their successor and successors, heirs, and assigns, but upon the trust hereinafter set forth, all and singular the estate, property, and effects, real, personal, and mixed, of whatsoever name and nature, both legal and equitable, and wheresoever situate, whether within or without the Commonwealth of Massachusetts, belonging to him, the said Jonas H. French, consisting especially of the homestead estate situated on the southerly side of Commonwealth avenue, in said Boston, being the premises numbered 128 Commonwealth avenue, and bounded northerly on Commonwealth avenue, easterly by heirs of Elias Merwin, southerly by a common passageway, and including such portions of said passageway as belongs to said estate, and westerly by one Brooks; and having a frontage of 26 feet and a depth of 124½ feet, or however otherwise said premises are bounded, measured, and described, subject, however, to any existing incumbrances upon the same.

Also all the furniture and other personal property in or about the above-conveyed premises belonging to said French, except such as is by law exempt from levy on execution. Also all said French's bills receivable, notes, open accounts, choses in action, stocks, bonds, mortgage claims and judgments, also all his other personal property and effects of every kind wherever situated, excepting always from all the foregoing such property as is exempt by law from levy on execution:

To have and to hold the above granted and conveyed premises, property, and estate, with all and singular the privileges and appurtenances thereto belonging, to the parties of the second part and the successor or successors of them in said trust, their heirs and assigns forever, but upon the trusts and for the uses and purposes following named, and none other, that is to say:

It trust to hold, manage, and take care of the same, and to convert the same into money and for that purpose to collect all claims, debts, and choses in action, with power to compound for any of them taking such part or thing for the whole as said parties of the second part shall deem expedient, and to sell at public or private sale for cash or on credit and upon such terms and at such time or times and in such manner as said parties of the second part shall see fit the whole or any part of said property, and to assign, transfer, and convey the property so sold to the purchaser or purchasers thereof by good and sufficient deed or deeds or other conveyances or transfers and receive the proceeds of said sales, and upon the further trust to apply and dispose of all the net proceeds of the sales of the property hereby conveyed, and also all net proceeds arising from collection of judgments, debts, claims, choses in action, and from settlements and compromise (after deducting all costs and expenses), as follows, to wit:

First. To pay the expenses of administering this trust, including reasonable counsel fees, taxes, insurance premiums, and proper repairs upon and care of the assigned premises or property or any of the same held under this trust, and reasonable compensation to the trustees thereunder.

Second. To pay in full such claims as are entitled to priority under the provisions of the insolvent laws of this Commonwealth.

Third. The net proceeds then remaining of the property and assets held hereunder, as above provided, the parties of the second part shall pay over and distribute among the parties of the third part in the manner provided by the insolvent laws of this Commonwealth for the distribution of insolvent estates. Any excess after making the payments hereinbefore provided for shall be paid over to the party of the first part.

Fourth. The parties of the second part may make the foregoing payments, or any of them, in instalments as the funds in their hands may warrant.

Fifth. The party of the first part hereby constitutes and appoints the said parties of the second part and their successors in this trust his attorneys irrevocable, with full power of substitution, authorizing them in their name or in the name of the party of the first part to institute, prosecute, or defend all suits at law or in equity or other proceedings necessary or proper for the administration of this trust. Also to execute any deeds, releases, acquittances, and other writings, and generally to do and perform all acts, matters, and things necessary and proper to carry into effect the trusts herein declared as fully and effectually as said party of the first part could do if these presents had not been made.

Sixth. And it is further expressly provided and agreed, that no holder of any promissory note, draft, bill of exchange, check, or other debt, to which the party of the first part is a party, or on which he is liable, and upon which any other person, firm, or corporation is absolutely or contingently liable, whether as drawer, indorser, guarantor, surety, maker, acceptor, or otherwise, does by signing these presents release or discharge such other person or persons, firms, or corporations therefrom, or in any manner impair his or their liability thereon, but each such holder executing these presents as is of the parties of the third part hereby fully reserves all rights and remedies thereon against any and all such other person or persons, firms, or corporations and the same may be as fully enforced as if these presents had not been executed.

Seventh. No trustee hereunder shall be liable for more money or property than he shall actually receive, nor for any loss or damage thereto, except through his willful neglect, or default, nor shall he be liable or responsible for any neglect or default or misconduct of any employee or agent of said trustee or trustees, or for the act of any cotrustee hereunder, but for his own receipts or defaults hereunder.

Eighth. No purchaser from said parties of the second part or from their successors in said trust of any of said property sold pursuant to the provisions hereof, shall be required to see to the proper application of the purchase money.

Ninth. In case either of said trustees or any successor hereunder shall die, resign, or become incapable to act as trustee, the surviving trustee shall name and appoint in writing a successor to such vacancy, and in case a majority in number and value of the creditors, parties of the third part hereto, who shall then have executed these presents shall, in writing, within ten days, request the surviving trustee to name and appoint any particular person for such vacancy, he, the surviving trustee, shall in writing name and appoint such person or such successor herein; and the new trustee so appointed shall have the same powers, rights, duties, and liabilities in and concerning the trust property as the original trustees have hereunder and

are subject to by the terms of this instrument; and so from time to time as vacancies shall occur in said trusteeship.

Tenth. For the purpose of distribution hereunder, all claims are to be made up as if due on the date of these presents, interest being added or rebated as each case may require.

Eleventh. The parties of the second part by executing these presents hereby severally accept the trusts herein declared, and severally covenant with each of the other parties hereto to execute the same faithfully, reserving to themselves, respectively, the right to resign said trust at any time.

Twelfth. We, the undersigned, creditors who have signed these presents, parties of the third part, do severally (each of us contracting for himself and not for any other) covenant and agree to take, and do hereby accept and take, in full payment, satisfaction, and discharge of our respective debts, demands, claims, actions, and causes of action against the party of the first part existing at the date hereof, whether payable now or in the future, which shall be payable to us respectively, under the provisions of this instrument, out of the proceeds of the property herein conveyed in trust; and do severally release, acquit, and forever discharge the party of the first part from all such demands, claims, actions, and causes of action; and these presents shall be pleadable in bar thereof except as herein otherwise provided, reserving to ourselves, however, all our rights respectively against indorsers, sureties, and all other parties collectively or contingently liable as hereinbefore provided.

Thirteenth. Provided always, and these presents are upon the express condition, that if a petition under the insolvent laws of Massachusetts shall, within six months from the day of the date hereof, be filed by or against the party of the first part before all the property hereby assigned shall have been sold and the proceeds distributed as herein provided, and a warrant in insolvency shall be issued upon such petition, then this instrument shall, except as to property sold and collections made and distributions made hereunder and except as to other acts previously done hereunder, be void; and the said trustees or their successors hereunder shall thereafter transfer and deliver to the assignee or assignees in insolvency of the party of the first part all the property hereby conveyed then remaining in their hands undisposed of under this instrument; but the trustees in such case shall first repay to themselves and retain all expenses, charges, costs, and reasonable compensation for their services as trustees and such sum or sums as will protect them from any and all liability they may have rightly entered into on account of or concerning said trust or trust property, and in the event of such warrant being issued as aforesaid, the foregoing releases and discharges shall be null and void, but the dividends which shall have been paid upon the respective debts owing to the several parties of the third part shall merely reduce their said debts respectively to the extent of the amount of such payment, and said debts so reduced shall be valid and enforceable against the respective parties owing the same and provable in insolvency.

In witness whereof we, the parties of the first, second, and third parts, hereunto set our hands and seals, the parties of the third part adopting one common seal, the day and year first above written. The signatures to any duplicate copy hereof of the same tenor shall be of like effect as if signed hereto.

Signed, sealed, and delivered in presence of—

NOVEMBER 25, 1891.

COMMONWEALTH OF MASSACHUSETTS,

Suffolk, ss:

Then personally appeared the above-named Jonas H. French, and acknowledged the foregoing instrument to be his free act and deed.

Before me,

Justice of the Peace.

No. 60.

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, D. C., December 29, 1891.

SIR: Your letter of the 21st instant is received, inclosing a copy of an assignment of Mr. J. H. French, and stating that Mr. Potter, the late president, has made a similar assignment.

Your proper course in the matter should be determined by yourself and counsel, after careful consideration and after you have consulted the United States district

attorney and ascertained what the effect would be with respect to proceedings to be instituted by him for criminal violations of law; in other words, will your assent as a creditor to the assignments, and your participation in a distribution, amount to condoning an offense, or the yielding of grounds upon which an indictment would lie?

When you have carefully ascertained the effect, either of joining other creditors so as to be entitled to dividends, or the result if the parties are thrown into insolvency, you may inform the Comptroller of your conclusion, and you will be definitely advised.

Very respectfully,

E. S. LACEY, *Comptroller.*

MR. THOS. P. BEAL,
Receiver Maverick National Bank, Boston, Mass.

No. 61.

[Thomas P. Beal, receiver Maverick National Bank. Capital, \$400,000. Surplus, \$800,000.]

BOSTON, *December 24, 1891.*

SIR: If it meets with your approval it is my intention to present to the judge of the district court of the United States a petition for an order directing me to sell at public auction or private sale, for such prices and at such times as I deem for the best interest of the creditors, the securities, a list of which is inclosed.

This is done in pursuance of the suggestion in my letter to you of November 23, which you approved in your letter to me of November 28.

You will remember that after writing your letter to me of November 28 you telegraphed me as follows: "As stock of Boston and Maine Railroad Company, West End Land Company, and West End Railroad Company constitute large assets of your trust, I have to request that you make no sale of them without first submitting the matter to me."

I do not understand by this telegram that you desired me not to obtain an order of court authorizing me to sell the securities named in your telegram, but merely wished me, after obtaining such an order, not to make a sale without consulting you.

This I will of course do. It seems to me wise and proper to obtain an order of court authorizing me to sell, so that I shall be in condition to take advantage of the market with your approval.

I think it would be well to sell Boston and Maine within a short time, perhaps as soon as could be done without depressing the market, as I see no immediate prospect of this stock rising in price, and I consider that there is some danger of a shrinkage in value.

I should suggest that if I can not get an offer somewhere near the market value for the entire amount of each stock to sell them in small lots as fast as the market will take them.

Please write to me stating your approval of my application to court for an order to sell these stocks at such prices as I shall deem for the best interests of the trust, and thereafter give me your views with regard to the best policy to be pursued in disposing of them.

There seems to be no provision in the statute requiring an order of notice to the creditors on a petition for an order to sell, but I should prefer to have an order of notice in this case, owing to the peculiar nature of the order asked for.

Very respectfully,

THOS. P. BEAL, *Receiver.*

HON. E. S. LACEY,
Comptroller of the Currency, Washington, D. C.

[Thomas P. Beal, receiver Maverick National Bank. Capital, \$400,000. Surplus, \$800,000.]

BOSTON, *December 24, 1891.*

SIR: Supplementing my letter of even date relating to the same subject and which I inclose under the same cover, the following stocks and bonds are held as collateral, some of which I have power to sell without notice or permission of the pledgors. As to the rest I shall have to obtain the permission of the pledgors or give them notice,

but I think best, if you approve, to get an order from the court covering this property as well as the others. The figures in the last column show the present market value:

9,399 shares West End Land Company	\$17.25
118 shares West End Street Ry., common (ex. dividend 5 per cent)	72.00
Right to subscribe at par (50) for 3,590 shares West End Street Ry., common	
Subscription for 78 shares West End Street Ry., Common, on which \$2,340	
has been paid.	
13 shares West End Street Ry. preferred (ex. div. 4 per cent)	84.00
26 shares Boston & Maine R. R. Co	165.00
Subscription for 888 shares Boston and Maine R. R. stock, on which \$26,640	
has been paid.	
47 shares New York & New England R. R. common	39.87
118 shares West End Street Ry., common (ex. dividend 5 per cent)	98.00
\$11,000 second-mortgage 6 per cent bonds, New York & New England R. R.	102.50
100 shares Wisconsin Central R. R. Co. common	18.50
\$250 Atchison, Topeka & Santa Fe R. R., income scrip	
\$36,000 Louisville, New Albany & Chicago R. R. Co. General mortgage 5	
per cent bonds	80.00
500 shares Summit Branch R. R. Co.	
234 shares Iron Railway Co	
337 shares Cincinnati, Hamilton & Dayton R. R. Co	
\$3,000 Louisville, Evansville & St. Louis R. R. Co., first-mortgage bonds, 6	
per cent	107.00
256 shares Charles River Embankment Co	
100 shares United Telegram Co. of New Jersey	
150 shares Huron Copper Mining Co	3.00
130 shares Centennial Mining Co	11.00
50 shares Atlantic Mining Co	10.50
285 Franklin Mining Co	14.50
25 shares Continental Nat. Bank, St. Louis, Mo.	
50 shares Citizens' Bank, Council Bluffs, Iowa	
50 shares National Bank of Commerce, Kansas City, Mo.	
50 shares of Industrial Trust Co., Providence, R. I.	
1,200 shares East Boston Company	4.00
40 Thomson-European Electric Welding Co	50.00
51 shares Malden Electric Co. (trust securities)	
17 shares McKay Metallic Fastening Co	31.00
44 shares Bay State Gas Company	25.00
20 shares Swift & Co.	
45 shares Boston Live Stock Company	
19 shares San Diego Land and Town Lot Co	16.00
240 shares Eastman Freight Car Heater Co	200.00
\$3,000 (par value) Algonquin Club 6 per cent, at	80.00
\$2,000 (par value) County Club 5 per cent bonds	
\$5,000 (par value) Boston Athletic Association 5 per cent bonds	
\$1,000 (par value) Herdic Phaeton Co. bond	

Very respectfully,

THOS. P. BEAL, Receiver.

Hon. E. S. LACEY,
Comptroller of the Currency, Washington, D. C.

No. 62.

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, D. C., December 29, 1901.

SIR: Your letter of the 24th instant is received, stating your desire to present a petition to the court, asking for order under which you may sell at public auction or private sale certain securities among the assets of your trust, a list of which is inclosed.

The Comptroller has no objection to the presentation of such a petition, notice being given to the creditors, the court to fix a day for hearing. The petition, when prepared, should be forwarded to the Comptroller before being presented to the court, and you may incorporate a request for permission to dispose of certain stocks and bonds held as collateral, which you are privileged to sell with or without notice to the pledgees.

If an order of the court is granted, the Comptroller desires thereafter to be advised of proposed sales, so far as practicable, and the order of the court should, by its terms, require reports from you for the purpose of confirmation of sales.

Very respectfully,

E. S. LACEY, *Comptroller.*

Mr. THOS. P. BEAL,
Receiver Maverick National Bank, Boston, Mass.

No. 63.

[Thomas P. Beal, receiver Maverick National Bank; capital, \$400,000; surplus, \$800,000.]

BOSTON, *January 4, 1892.*

SIR: The Maverick National Bank holds a second mortgage upon the house of Thomas Dana in Commonwealth avenue in this city as security for all indebtedness of Thomas Dana to the Maverick National Bank.

The first mortgage upon the house is for \$30,000, on which no interest has been paid since the 1st day of May, 1891. The taxes for the current year are also unpaid. The house and land are assessed for \$58,000. In this city the assessed value is usually regarded as some criterion of the value of an estate, as the assessors are sworn to appraise the property at its full market value.

I have been endeavoring for sometime to get an offer for the house, and have thoroughly tested the market, and have had offers of from three real estate brokers of from \$60,000 to \$70,000 for it.

I have at last obtained an offer from a private party of \$76,000, the interest on the first mortgage to be paid by me to the date of the delivery of the deed, and the taxes for the current year to be adjusted to that date. In my opinion it is the best offer that can be obtained, and it is for the interest of the creditors that the estate should be sold at this price.

I write to obtain your authority to petition the court for leave to accept this offer for the property. It meets with the approval of Mr. Dana, and also of all persons with whom I have consulted about the value of the house.

Very respectfully,

THOS. P. BEAL, *Receiver.*

Hon. E. S. LACEY,
Comptroller of the Currency, Washington, D. C.

No. 64.

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, D. C., January 9, 1892.

SIR: Your letter of the 4th instant is received, stating that you hold among the assets of your trust a certain mortgage upon the real property of Thomas Dana, situated on Commonwealth avenue, Boston, as security for all indebtedness of Thomas Dana to the Maverick National Bank. It is also stated that there is a first mortgage upon the property of \$30,000, interest being due from May, 1891, and taxes for the current year unpaid. The property is assessed for \$58,000, and you have been offered \$76,000, interest and taxes to be paid or adjusted by you up to the date of the deed. The indebtedness of Mr. Dana to your trust is not stated, and the Comptroller is left to infer that whatever the amount may be a present disposition of the property will be for the best interests of the trust rather than to hold. If the proposed sale under the mortgage would in effect be to wipe out the whole indebtedness of Mr. Dana, which may be in excess of the amount to be received by your trust, such proceeding would be in the nature of a compromise of a bad or doubtful debt.

If whatever is realized is simply to be applied in payment of Mr. Dana's indebtedness *pro tanto*, then the element of compromise is not involved, and the court need only be asked to authorize a sale under the mortgage for the amount offered.

If you remain of the opinion that it would be for the best interests of the trust to immediately dispose of the property, the Comptroller will not object to the presentation of a petition to the court in the usual course, the paper to recite all the facts.

Very respectfully,

E. S. LACEY, *Comptroller.*

Mr. THOS. P. BEAL,
Receiver Maverick National Bank, Boston, Mass.

No. 65.

[Thomas P. Beal, receiver Maverick National Bank. Capital, \$400,000; surplus, \$300,000.]

BOSTON, *January 8, 1892.*

SIR: We inclose a copy of the petition that I propose filing in court to obtain an order for the sale of the property of this bank, a schedule of which is annexed, pursuant to the instructions contained in your letter of December 29, 1891. I have not included the stocks and bonds held by this bank as collateral security, because I thought it better to have a separate petition for the sale of those securities, which I will have drawn and send to you within a few days for your approval.

Very respectfully,

THOS. P. BEAL, *Receiver.*

Hon. E. S. LACEY,
Comptroller of the Currency, Washington, D. C.

DISTRICT COURT OF THE UNITED STATES,
District of Massachusetts.

To the Hon. THOMAS L. NELSON,
Judge of said court:

Respectfully represents Thomas P. Beal that he is the receiver of the Maverick National Bank, of Boston, duly appointed to that office by the Comptroller of the Currency of the United States under the provisions of chapter 156 of the acts of Congress of the year 1876.

That among the assets of said bank that have come into your petitioner's hands as such receiver are the bonds a schedule of which is hereto annexed, marked A; that your petitioner believes that it is for the best interests of said bank, its creditors, and all parties interested therein, that the same be sold at public auction, or on the Boston Stock Exchange, or at private sale at such time or times as your petitioner may see fit, and your petitioner has so advised the Comptroller of the Currency, who has approved of your petitioner selling the same as aforesaid.

Wherefore your petitioner prays for an order of this court authorizing him to sell said bonds, or any of them, at public auction, or on the Boston Stock Exchange, or at private sale at such time or times as he may see fit.

SCHEDULE A

SUNDRY BOND ACCOUNT NO. 1

- \$3,000 Bay State Gas Co. of Delaware. Income bonds due May 1st, 1939.
- \$1,000 Cleveland and Canton Railroad Co. first mortgage five per cent bonds, due July 1st, 1917.
- \$1,000 Atchison, Topeka and Santa Fe R. R. Co. 5 per cent income gold bonds, due July 1, 1989.
- 1,850 shares Cleveland and Canton Railroad Co. preferred stock at \$100 each.
- \$86,000 par value Boston United Gas bonds, the Bay State Gas Co. of New Jersey 5 per cent sinking fund trust bonds, due Jan. 1, 1939.
- \$600 Atchison, Topeka and Santa Fe R. R. Co. 4 per cent general mortgage gold bonds, due July 1, 1989.
- 202 shares Syracuse, N. Y., Consolidated Street Railway Company.
- 135 shares Louisville Railway Co., preferred stock.
- 365 shares Louisville Railway Company (common stock).
- 100 shares of \$100 each of Boston and Maine Railroad stock, certificate in name of C. C. Dommert, dated Oct. 29th, 1891, assigned in blank October 22, 1891 (common stock).
- \$1,000 par value Richmond and West Point Terminal Railroad and Warehouse Co. 6 per cent gold trust bonds, due Feb. 1, 1897.
- \$164,000 par value Richmond and West Point Terminal Railroad and Warehouse Co. 6 per cent gold trust bonds, due Feb. 1, 1897.
- 209,000 par value Atlantic and Pacific Railroad Company guaranteed trust 4 per cent gold bonds, due Jan'y 1, 1937.
- \$32,500 Atchison, Topeka and Santa Fe Railroad Co. general mortgage gold bonds, due July 1, 1989.

SUNDRY BOND ACCOUNT NO. 2.

\$65,000 par value Louisville Railway Co. 1st consolidated mortgage bonds, 5 per cent, due July 1, 1936.

\$600 par value city of Youngstown, Ohio, 6 per cent bond, due Oct. 1, 1893.

\$600 par value city of Youngstown, Ohio, 6 per cent bond, due Oct. 1, 1894.

\$1,100 par value city of Youngstown, Ohio, 6 per cent bond, due Oct. 1, 1895.

\$1,100 par value city of Youngstown, Ohio, 6 per cent bond, due Oct. 1, 1896.

\$1,100 par value city of Youngstown, Ohio, 6 per cent bond, due Oct. 1, 1897.

\$1,100 par value city of Youngstown, Ohio, 6 per cent bond, due Oct. 1, 1898.

\$1,100 par value city of Youngstown, Ohio, 6 per cent bond, due Oct. 1, 1899.

\$1,000 par value city of Youngstown, Ohio, 6 per cent bond, due Oct. 1, 1900.

\$900 par value city of Youngstown, Ohio, 6 per cent bond, due Oct. 1, 1901.

\$700 par value city of Youngstown, Ohio, 6 per cent bond, due Oct. 1, 1902.

\$1,000 city of Manchester, State of New Hampshire, due January 1, 1892, 6 per cent bond.

\$1,000 city of Chicago, Ills., 7 per cent river improvement bond, due July 1, 1895.

\$3,000 Brockton Street Railway 4½ per cent bond, due April 1, 1910.

\$28,111.50 city of Duluth, Minn., local improvement certificates, 6 per cent.

UNITED STATES BONDS.

\$10,000 par value United States registered 4 per cent bond No. 62175, registered in name of Samuel & Alva Bean, and by them assigned in blank.

\$23,550 par value United States coupon 4 per cent bonds.

\$100 par value District of Columbia 3 65-100 per cent bond.

DISTRICT COURT OF THE UNITED STATES,

District of Massachusetts :

Upon the foregoing petition it is ordered that the petitioner give notice thereof to the creditors of said Maverick National Bank and all others interested therein to appear at said court on _____ to show cause why the prayer of said petition should not be granted, by publishing a notice thereof in the form hereto annexed on three different days in the Boston Daily Advertiser, the last publication to be at least three days before said _____

FORM OF NOTICE.

UNITED STATES DISTRICT COURT,

District of Massachusetts :

Whereas Thomas P. Beal, as receiver of the Maverick National Bank of Boston, has this day filed in said court his petition praying leave to sell certain property, a schedule of which is annexed to said petition:

Now, then, notice is hereby given to the creditors of said Maverick National Bank of Boston and all other persons interested therein to appear before the district court of the United States, to be holden in Boston, in said district, on _____, to show cause, if any they have, why the prayer of said petition should not be granted.

THOMAS P. BEAL,

Receiver of Maverick National Bank of Boston.

No. 66.

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, D. C., January 11, 1892.

SIR: Your letter of the 8th instant is received, inclosing a copy of petition to the court, requesting an order to sell certain assets belonging to your trust, the items being principally corporation stocks and bonds.

The paper appears to be in due form, and you may proceed in the proposed course.

With respect to the sale of local stocks or bonds, the Comptroller should be advised in advance of sale if practicable, and no loss would be incurred by the attendant delay.

Very respectfully,

E. S. LACEY, *Comptroller,*

Mr. THOMAS P. BEAL,

Receiver, Maverick National Bank, Boston, Mass.

No. 67.

[Thomas P. Beal, receiver, Maverick National Bank. Capital, \$400,000. Surplus, \$300,000.]

BOSTON, *February 18, 1892.*

SIR: I am able to report another opportunity to close out a large block of the securities of the bank at what seems to me very advantageous figures.

You will remember that among the collateral held by the bank for the indebtedness of Potter and French there was an option or agreement, dated August 5, 1891, by Henry M. Whitney to deliver 3,590 shares of stock of the West End Street Railway, at \$50 a share, interest at 6 per cent, to be paid from the date of the agreement, and the bank to be entitled to the benefit of all dividends.

I have been endeavoring for some time to get an offer for this stock on terms similar to those which I obtained for the West End Land Company stock, namely, a sale at a fair price with a half interest in the profits made by the purchaser on a sale by him of the stock, but I find that I can not make a similar arrangement with regard to the West End Railway stock at suitable figures.

Mr. Henry M. Whitney offers to take the stock himself at \$73, per share, adjusting the interest and dividends according to the terms of the agreement. This will be equivalent to about 73½ for the stock per share.

The stock has varied in its quotations between 71, 72, and 73 for the past few days, and yesterday closed at 73½.

By this sale you will see that I shall net for the trust nearly \$24 per share on this stock. This option is held as collateral security for the indebtedness of Mr. French and Mr. Potter.

Messrs. French and Potter and their assignees, for the benefit of their creditors, advise the acceptance of this offer.

If you approve of this sale, kindly wire me as soon as possible after receiving this letter, that I may apply to the court for an order to sell the stock on the terms proposed.

Very respectfully.

THOS. P. BEAL, *Receiver.*

HON. E. S. LACEY,
Comptroller of the Currency, Washington, D. C.

No. 68.

[Telegraphic message by Western Union Telegraph Company. Charges to be collected at Government rates.]

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, February 20, 1892.

THOS. P. BEAL,
Receiver, Maverick National Bank, Boston, Mass.:

Proposed course letter 18th as to stock W. E. S. R., terms stated, seems to be prudent. If you remain of this opinion apply to court for order.

E. S. LACEY, *Comptroller.*

No. 69.

[Thomas P. Beal, receiver, Maverick National Bank. Capital, \$400,000. Surplus, \$300,000.]

BOSTON, *March 18, 1892.*

SIR: At the time of the failure of the Maverick Bank the firm of Thomas Dana & Co., in which firm Mr. Thomas Dana, one of the directors of the Maverick Bank, was senior partner, was indebted to the bank in the sum of \$246,000, besides an indorsement of notes for \$10,000 of the Electric Lustre Starch Company, held by the bank.

You will remember that the firm made a statement to me then of their affairs, showing nominal assets of about \$324,000 and an indebtedness of about \$309,000, leaving a nominal surplus of about \$15,000. Upon conference with you I decided that it was best not to press for immediate payment and thereby cause the failure of the firm, and either an assignment by it for the benefit of its creditors or else insolvency, but to delay matters upon their assurance that they would turn over, after payment of their other debts, all that they realized of their assets to me. The members of the firm appeared then and appear now to be very honest in all their deal-

ings. They have paid to me in cash about \$161,000, leaving them indebted to the bank in the sum of \$95,000 on the notes, of which I append a schedule. From the first I have expected that there would eventually be a shrinkage in their assets and that they would not be able to pay in full their indebtedness to the bank, although at the time the bank failed their assets showed a nominal surplus of \$15,000 over their indebtedness. I had expected that there would be a shortage of about \$20,000 or \$30,000. They have already, in my judgment, paid more money to me than I should have realized had the firm failed and settled in insolvency.

The firm now come forward and make me the following statement of their affairs: They say that there has been a shrinkage of about \$15,000 in their assets, owing to the cancellation of orders, loss of profits, and expenses; that of their assets some \$8,129 of the accounts due to the concern are bad; that the indebtedness of Thomas Dana (one of the partners) to the firm, \$8,665, is worthless; that the indebtedness of W. O. Delano (another partner) to the firm of about \$5,979 is also worthless; that they have sustained a loss on their merchandise of about \$2,000 and have been obliged to pay taxes to the amount of about \$3,000, and that they have left on hand as assets \$31,810 in accounts, \$2,971.45 in notes, and a note of the National Pure Food Company, \$12,297.13, and a note of Electric Lustre Starch Company, \$9,960.14, and a deposit of \$2,042 in the Maverick Bank, and that these constitute the entire assets of the concern. These they offer to turn over to me, but if any other settlement can be made, I should prefer not to set about the collection of these assets, because it seems to me that I can not realize as much from them as the firm can. They say that they can obtain a loan from a friend of theirs of \$15,000 by a pledge to him of the accounts and notes constituting the remaining assets of the firm, and ask me to accept this \$15,000 in discharge of the liability of the firm to the bank and of the other parties whose names appear on the notes.

They say the item of \$2,971.45 notes is worth its face, but that the accounts \$31,810 are worth very much less than their face value, as they are the last remaining dregs of all their accounts, which amounted in all to \$205,000, and that the notes of the Pure Food Company and Starch Company are of very little value.

I felt naturally that no one would advance the firm the full value of their assets and that I ought to obtain more. Long negotiations have resulted in their offering me for the notes on which they are liable, \$15,000 in cash and an agreement to pay me one-half of the net proceeds of the assets of the firm (other than the note of the Electric Lustre Starch Company held by them) over and above the \$15,000 borrowed by them and interest thereon, and instead of giving me one-half of the proceeds of the note of Electric Lustre Starch Company, held by them, they will give me \$5,000 cash for the notes (\$10,000) of the Electric Lustre Starch Company held by the bank and for the notes of the Electric Lustre Starch Company held by them. Besides these notes the bank holds \$7,832.56 of the individual notes of W. O. Delano, for which the bank holds as collateral 25 shares of the Topeka Rapid Transit Company, 25 shares of the San Gabriel Valley Land and Water Company, 5 shares of the East Middlesex Street Railway Company, and 17 shares of the stock of the Electric Lustre Starch Company. The 25 shares of the Topeka Rapid Transit Company I have obtained an order of court to sell, and have sold for \$200. The opportunity to sell this stock for this sum came suddenly and I was unable to confer with you about it as the offer had to be accepted within a few hours. The sum obtained was all the stock was worth. This \$200 reduced Delano's debt from \$8,032.56 to its present amount, \$7,832.26. Mr. Delano has no property, but he offers me \$1,000 for this indebtedness, leaving in my hands the 25 shares of San Gabriel Valley Land and Water Company and the 5 shares of the East Middlesex Street Railway Company, but the 17 shares of the Electric Lustre Starch Company are to be delivered up to him. This stock is valueless. Mr. Delano is unable to pay this \$1,000 at once and wishes six months time in which to pay it.

By the terms of the settlement I am, of course, to retain the deposits of—

Thomas Dana & Co.....	\$2,042.02
W. O. Delano	67.09
Electric Lustre Starch Company	688.11
W. H. Raymond.....	18.46

and these claims are not to be proved.

I think this is a good settlement to make, as it gives them an interest in getting out of the assets all the money they can and gives the bank a substantial benefit if the assets turn out to be worth more than the \$15,000.

This settlement seems to be a wise and prudent one to make and for the best interest of the trust. I have consulted Mr. Potter and he has seen the members of the firm and has gone over their statement and thinks the settlement the best that can be made.

If you approve the settlement please telegraph me to that effect and I will at once obtain an order from the court authorizing me to sell the notes on the terms proposed.

I should add that one or two of the notes to be sold bear the personal indorsement of Thomas Dana, but the bank holds an indebtedness due from him far in excess of any possible value of the collateral held by the bank, and he is utterly worthless financially, so that there is no value in his indorsement. Some of the notes also bear the indorsement, W. O. Delano and W. H. Raymond, who were members of the firm of Thomas Dana & Co., but they are insolvent and their indorsement is worthless. You will notice other persons' names on the notes, but they are all straw names, mostly employes of Thomas Dana & Co., and their names have no value.

Charles E. Raymond, the indorser of the note of W. O. Delano for \$330.52, is dead, and his estate is practically worthless.

I append a synopsis of the statement of their affairs made by the firm for your convenience, and also a description of the notes. Please let me hear from you at once by wire.

Very truly yours,

THOS. P. BEAL,
Receiver.

Hon. E. S. LACEY,
Comptroller.

Description of notes.

Signed.	Indorsed.	Amount.
K. H. Rowe	T. Dana, T. Dana & Co	\$10,000.00
S. M. Jordan	do	5,000.00
J. M. Rameyer	W. O. Delano, T. Dana & Co	5,000.00
E. L. Hutchinson	do	5,000.00
Do	do	10,000.00
Do	Wm. H. Raymond, T. Dana & Co	10,000.00
Jos. C. Greeley	Thos. Dana, T. Dana & Co	15,000.00
A. A. Finneran	W. O. Delano, T. Dana & Co	5,000.00
C. I. Behnke	W. H. Raymond, T. Dana & Co	20,000.00
<i>Indorsed.</i>		
Electric Lustre Starch Company, T. Dana & Co		4,000.00
Do		5,500.00
Do		500.00
		95,000.00
W. O. Delano	Charles E. Raymond	330.52
Do		1,500.00
Do		3,002.04
Do		3,000.00
		7,832.56
Assets (of which \$205,000 are open accounts)		324,000.00
Debts		309,000.00
Surplus		15,000.00
Orders canceled, loss of profits and expenses		15,000.00
Bad debts		8,129.00
Thomas Dana		8,665.00
W. O. Delano		5,979.00
Taxes		3,000.00
Loss on merchandise		2,000.00
		42,773.00
Assets remaining		59,110.74
		101,883.74
Accounts		31,810.00
Notes		2,971.45
Deposit in Maverick Bank		2,042.02
Note National Pure Food Company		12,297.13
Electric Lustre Starch Company		9,990.14
		59,110.74
Debt due the bank		85,000.00
Indorsement of notes of Electric Lustre Starch Company		10,000.00

No. 70.

[Telegraphic message. By Western Union Telegraph Company. Charges to be paid by the Government.]

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, March 21, 1892.

THOMAS P. BEAL,
Receiver, *Maverick National Bank, Boston, Mass. :*

Letter 18th received with respect to Dana & Co. indebtedness. You are on the ground and must take the responsibility as to best interests of trust. Comptroller has no objection to a petition of court in the usual way if you retain present opinion.

E. S. LACEY,
Comptroller.

No. 71.

[Thomas P. Beal, receiver, *Maverick National Bank, capital \$400,000. Surplus \$800,000.*]

BOSTON, March 22, 1892.

SIR: Mr. Charles A. Sinclair is indebted to the *Maverick National Bank* on three promissory notes, one of which was signed by him for Mr. Potter's accommodation. This note was originally for \$190,000 and there stood as collateral for it 1,000 shares of the Boston and Maine Railroad stock. Certain indorsements appear on the back of the note and there now appears to be due on it \$46,734.14, and as collateral 177 shares of the Boston and Maine Railroad stock. The two other notes on which Sinclair is liable are the notes of Henry T. Gould, \$39,000, and T. S. McGowan, \$45,020.27, both of which are guaranteed by Mr. Sinclair and Mr. Potter. We have been endeavoring to persuade Mr. Sinclair to pay these notes in season to give us the money for the proposed dividend, but he claims a defense to the notes and has retained counsel, and we are engaged in negotiating with them as to the payment of the notes. As to the first note, Mr. Sinclair claims that it was made for Mr. Potter's accommodation and that it was agreed that Mr. Potter should furnish 1,000 shares of Boston and Maine stock as collateral, and that Mr. Potter has not given credit on the note for the rest of the Boston and Maine stock besides the 177 shares remaining, and that if all the stock was accounted for it would more than pay the note. We think that there is some ground for his claim, but meanwhile, pending the negotiations, Mr. Sinclair is perfectly willing that the 177 shares now remaining as collateral should be sold by me without prejudice to either his rights or the rights of the bank. As this will give us a chance to realize some \$26,000 cash, I should like to sell it. Mr. Potter and Mr. Hyde approve.

Will you therefore please telegraph me on receipt of this letter that I may apply to court for leave to sell the 177 shares of Boston and Maine, and I will obtain an order at once. I am sorry to say that it does not seem safe yet to declare the dividend of 15 per cent, as I want to do, but I hope in a few days to be able to say to you that in my opinion it is safe to declare the dividend.

Very truly yours,

THOS. P. BEAL,
Receiver.

Hon. E. S. LACEY,
Comptroller.

No. 72.

[Telegraphic message. By Western Union Telegraph Company. Charges to be collected at Government rates.]

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, March 23, 1892.

THOMAS P. BEAL,
Receiver, *Maverick National Bank, Boston, Mass. :*

Letter 22d received. You may petition court in the usual way for sale of collateral to the Sinclair indebtedness if you and counsel retain opinion that sale will be for best interests of trust.

E. S. LACEY,
Comptroller.

No. 73.

[Thomas P. Beal, receiver, Maverick National Bank Capital, \$400,000. Surplus, \$800,000.]

BOSTON, April 2, 1892.

SIR: I have already written to you in my letter of December 21, 1891, concerning the assignments for the benefit of their creditors made by Asa P. Potter, the president, and Jonas H. French, one of the directors of the Maverick National Bank, and have sent you a copy of one of the assignments, which is similar in its provisions to the other. By the terms of the assignments you will see that they are liable to be avoided by proceedings in insolvency, and that, in order to share in the benefits of the assignments, creditors must assent thereto within a certain specified time. It now becomes necessary for me to determine whether it is best to assent to either or both of these assignments. By assenting to the assignments I take whatever dividends are declared thereunder by the assignees in full discharge of all claims that the bank had at the date of the assignments. I think that if any assessment is laid upon the stock the claim for the assessment on the stock standing in the name of Potter and French will be outstanding against them and not barred by the assignments, as this claim did not exist at the date of the assignments.

There will probably be small dividends declared under both assignments, but the claims of the bank against both Mr. French and Mr. Potter are of considerable size, and although the dividend will be but a small percentage of the claims, still it will amount to a considerable sum. The assets in the hands of the assignees of Asa P. Potter I suppose will amount to \$100,000, and that, of this sum, owing to the size of our claim, by assenting to the assignment, we may get one-half or perhaps two-thirds. The assets in the hands of the assignees of Jonas H. French, I presume, will amount to \$30,000 or \$40,000, and that we shall be, on proof of our claim, entitled to perhaps one-half of these assets. These figures are not accurate, but are my best judgment.

There is this difference between the assignments of Mr. French and Mr. Potter, that Mr. Potter made his assignment and selected his assignees entirely without consultation with me, while Mr. French consulted me with regard to the selection of one of the assignees.

I am disposed to assent to Mr. French's assignment as it is, as I think I can rely upon the assignees doing their duty thoroughly. With regard to the assignment made by Mr. Potter, he has selected two very able men, in one of whom, Mr. Hart, I have great confidence. The other assignee, Mr. Hyde, I should have the greatest confidence in but for the fact that he is counsel for Mr. Potter, and, of course, his first allegiance is to him. Mr. Potter is accused in the indictments that have been found, not only of technical violations of law, but of substantial charges of fraud. I have been endeavoring for some time to obtain from Mr. Hyde and Mr. Hart their consent that another assignee be appointed to act with them, who should be satisfactory to me. Mr. Hyde and Mr. Hart both regard the suggestion as involving somewhat of a personal criticism of them, which I am anxious to avoid.

I have thought that if I should assent to the assignment in its present form without the appointment of another assignee, I might be subject by the creditors of the bank to criticism as having assented to an assignment of a person accused of fraud, when the active assignee who had charge of the business was the counsel for Mr. Potter. It has been suggested that these criticisms will be avoided if I can obtain from Mr. Hyde, Mr. Hart, and Mr. Potter an agreement that I may make such examination of the books, papers, and affairs of Mr. Potter as if I were one of the assignees. This suggestion has been made to Mr. Hyde, and he is willing to give me such an agreement.

It seems to me and to my counsel that this fully protects my rights and the interests of the trust, and that if such an agreement is made I can with propriety assent to the assignment.

I have submitted the matter to Mr. Allen and he has no objection as district attorney and as representing the Department of Justice to my assenting to these assignments on these terms. Of course it will require a petition to the court for leave to compromise the claims against Mr. French and Mr. Potter, and I write to submit the matter to you and to ask you, if you agree to the proposed course, to write me sanctioning such a petition. As the assignees of both Mr. French and Mr. Potter hold real estate which they desire to sell before the 1st of May, and as they can not make title to the real estate until my assent is obtained, I wish, if possible, to give them a definite answer at once, and I therefore request you, on receipt of this letter, if the proposed course meets with your approval, to telegraph me to that effect. If I do not assent the only course open to me is to file a petition in insolvency against Mr. Potter and Mr. French and thus render the assignments void and have the assets in the hands of the assignees distributed among the creditors in insolvency, which would

involve greater expense to the trust, and, in my judgment, would not increase the dividends to the creditors.

Very respectfully,

THOMAS P. BEAL,
Receiver.

HON. E. S. LACEY,
Comptroller of the Currency, Washington, D. C.

No. 74.

[Telegraphic message by Western Union Telegraphic Company, charges to be collected at Government rates.]

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, April 4, 1892.

THOMAS P. BEAL,
Receiver, Maverick National Bank, Boston, Mass.:

Letter 2d received, relative to French and Potter assignments. In view of your explicit statement and recommendation, Comptroller approves presentation facts to court, asking for order permitting proposed course to be pursued, you to assent to the assignments.

E. S. LACEY,
Comptroller.

No. 75.

[Thomas P. Beal, receiver, Maverick National Bank. Capital, \$400,000. Surplus, \$300,000.]

BOSTON, April 28, 1892.

SIR: At the time of the failure of the Maverick Bank it held three mortgages of \$15,000 each, called the Stevens mortgages. These mortgages were of three lots of land on Belvidere street, upon each of which was an apartment house.

The bank also held a note of Albert J. Hosler, guaranteed by Mr. Hyde and Mr. Potter, for \$49,241.76, and, as collateral security therefor, four notes of Stevens for \$12,310.44 each, secured by second mortgages, subject to first mortgages of \$15,000 each, three of which first mortgages are the three held by the bank and one is a first mortgage of \$15,000 held by another bank. These second mortgages are not good inasmuch as Albert J. Hosler has no financial responsibility and the property is worth but little more than the first mortgages, the assessed value of each lot (land and building), which is usually considered a fair estimate of the market value of property, being only \$18,500.

The bank also holds as collateral a conveyance of certain unimproved land made to Mr. Work and held by him in trust for the bank, which cost \$14,712 and is taxed for \$13,000. This whole matter was a joint affair of Mr. Hyde's and Mr. Potter's. Mr. Hyde has paid his one-half of the Hosler note, and we suppose he is entitled to his one-half of the Stevens mortgages held as collateral. He now offers to pay the balance due on this note, namely, Mr. Potter's half, provided the bank will assign the mortgage to him and will also convey to him its interest in the unimproved land held by Mr. Work in trust for the bank. As a part of this transaction he is also willing to pay cash for the three first mortgages of Stevens held by the bank. It is undoubtedly for the interest of the creditors to accept this offer of Mr. Hyde's, and to convey him the land held in trust by Work, and to assign to him the mortgages on payment of the Hosler note in full. The only contingency upon which it would be against the interest of the bank to do this would be in case Mr. Potter's half of the land, held in trust by Work, and the Stevens second mortgages, was worth more than the amount of his half of the note; the surplus might be used by me to pay his other debts to the bank. In my judgment, there can not possibly be a surplus, but there would be a large deficit, and it is better to take Mr. Hyde's offer and reduce the note and mortgages to cash at once than to hold them any longer.

Each house being taxed for \$18,500 and presumably being worth that sum, the second mortgages for \$12,310.44 each are worth but \$3,500 each, so that the deficit would be \$8,810.44 on each mortgage which would be a total deficit of \$35,241.76, to pay which the bank would only have unimproved land which is worth only about \$13,000. There is therefore no chance of there being a surplus of collateral to apply to Mr. Potter's debt.

I write to ask your permission to apply to the court for leave to accept Mr. Hyde's offer, and would kindly ask you to telegraph me upon receipt of this letter that I may do so, and that this course meets with your approval, in which event, I shall file my petition at once and pass the papers on Monday, May 2, as Mr. Hyde is in a hurry to have the transaction put through.

Very truly yours,

THOS. P. BEAL,
Receiver.

E. S. LACEY, Esq.,
Comptroller, Washington, D. C.

No. 76.

[Telegraphic message, Western Union Telegraph Company, charges to be collected at Government rates.]

TREASURY DEPARTMENT,
OFFICE COMPTROLLER OF THE CURRENCY,
Washington, April 29, 1892.

T. P. BEAL,
Receiver, Maverick National Bank, Boston, Mass.:

Upon your full statement letter 26th of Hosler indebtedness, guaranteed by Hyde & Potter, and recommendation that Hyde's offer be accepted, you may present petition to court asking for authority to effect the settlement.

E. S. LACEY,
Comptroller.

No. 77.

[Thomas P. Beal, receiver. Maverick National Bank. Capital, \$400,000. Surplus, \$800,000.]

BOSTON, *May 3, 1892.*

SIR: Acting on the telegram received from you on Saturday I obtained an order from the court for the settlement with Mr. Hyde on the terms proposed, and yesterday the settlement was carried through.

Acting on your telegram of yesterday I obtained an order of court authorizing the Sabin settlement on the terms proposed, and yesterday afternoon the settlement was put through. I still lack about \$150,000 of the amount necessary to warrant, in my judgment, a further dividend of 5 per cent. I expect, by virtue of the Sinclair settlement, to be able to collect this amount before June 1. If by any good luck I am able to do so before I will notify you.

Looking the assets over I do not see how, by waiting, a dividend of more than 5 per cent can be declared, unless I wait until next autumn. It therefore seems to me wise, subject of course to your approval, to make the amount of the next dividend 5 per cent, and as soon as I have enough cash on hand to authorize the declaration of the dividend I will notify you.

Very truly yours,

THOS. P. BEAL,
Receiver.

Hon. E. S. LACEY,
Comptroller of the Currency, Washington, D. C.

No. 78.

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, D. C., May 5, 1892.

SIR: Your letter of the 3d instant is received, informing me that a sufficient sum will probably be collected from the assets of your trust by June 1, next, to warrant the declaration of a further dividend of 5 per cent to the creditors.

This information is very gratifying, and I suggest, in order that there may be as little delay as possible, that you cause the necessary dividend schedules to be prepared at once. Please let me know how many blank checks you will require, and they will be forwarded at an early day.

Very respectfully,

E. S. LACEY,
Comptroller.

Mr. THOS. P. BEAL,
Receiver *Maverick National Bank, Boston, Mass.*

No. 79.

[Thomas P. Beal, receiver. *Maverick National Bank. Capital, \$400,000. Surplus, \$300,000.*]

BOSTON, *May 7, 1892.*

SIR: Protracted negotiations between Mr. Sinclair and his counsel and Mr. Hutchins and myself have resulted in the following proposition for a settlement of Mr. Sinclair's entire debt to the bank. The terms of the proposed settlement, it seems to us, are advantageous to the trust, and they meet the approval of Mr. Hyde and Mr. Potter, and I therefore submit them to you with confidence that you will approve them.

You will remember that at the time the bank failed Mr. Sinclair was very heavily indebted to the bank, owing as maker and indorser some \$212,118.58. You will also remember that he made various payments and took up certain notes, and that he stopped doing this some months ago. The condition of things now is this:

His indebtedness consists, first, of a balance due upon a promissory note originally \$190,000, but which at the date of the failure of the bank had been reduced to \$46,734.14. This note was indorsed by Asa P. Potter. There were originally held as collateral for this note 1,000 shares of the stock of the Boston and Maine Railroad, of which there were left at the time the bank closed only 177 shares; the balance of the shares had been in part sold and the proceeds credited on the note and in part taken by Mr. Potter and pledged to savings banks, and the proceeds of the loans made by the savings banks indorsed on this note of Sinclair's. Mr. Sinclair was an accommodation party on this note, and the stock held as collateral belonged to Mr. Potter, but it was agreed between Mr. Sinclair and Mr. Potter when Mr. Sinclair signed the note, that 1,000 shares of Boston and Maine stock should be put up as collateral. Mr. Sinclair claims that on a proper accounting the note has been extinguished, and it seems to us that he is right in that contention, for the following reasons:

The proceeds of the collateral already credited upon the note are sufficient to bring the amount due down to \$46,734.14. The savings bank loans above referred to have been closed out by a sale of the stock since the failure of the *Maverick Bank*. The balance of the proceeds of the stock over and above the loans made by the savings bank have been handed over to me by Mr. Potter's assignees, amounting to \$5,145.38 to be credited on this note. I have sold the 177 shares of Boston and Maine Railroad stock which were left as collateral and realized thereon about \$30,000. This cuts down the balance due on the note to \$11,588.76. It seems that Mr. Potter took of the collateral which belonged to this note 26 shares and put it up as collateral for the note of one Kelsey, and he says that the proceeds of these 26 shares which I sold for \$4,468.75 should also be credited on Mr. Sinclair's note. This leaves the balance due on the note only \$7,120.01, and interest.

When the Boston and Maine Railroad Company increased its capital stock about a year ago, the holder of these 1,000 shares was entitled to subscribe at par for new stock, and the value of these rights far exceeded this balance of \$7,000. The question has frequently arisen between pledgor and pledgee, whether a pledgee of Boston and Maine stock was entitled to hold these rights, or whether they belonged to the pledgor, and some of the best lawyers in Boston have given it as their opinion, that these rights belong to the pledgee. If this be so, the *Maverick Bank* was bound to indorse on this note the proceeds of these rights, and if it failed so to do could not hold Mr. Sinclair on the note, because it had disposed of the collateral in violation of Mr. Sinclair's rights as an accommodation party. Mr. Potter took these rights and he says that they are held by the bank as part of his general collateral. Under these circumstances it seems that the bank has no claim against Mr. Sinclair for the balance due on this note. Mr. Sinclair is also indebted on a note of

Thomas S. McGowan, indorsed by him for \$45,020.27, and for a note of Henry T. Gould of \$39,000. These two notes Mr. Sinclair proposes to pay in full, principal and interest, on the 25th day of this month. The only other matter which is involved in the settlement is a complicated matter of joint account between Mr. Sinclair and Mr. Potter.

There were joint accounts between them consisting of purchases and sales of Boston and Maine Railroad stock. Mr. Potter transferred to the bank, by a letter found among the bank's assets, his interest in the profits of these accounts. After the bank failed he also handed over to me twelve orders on savings banks, signed by Charles A. Sinclair, for the delivery to Mr. Potter of about 2,047 shares of Boston and Maine stock pledged to the savings banks for loans made on the notes of Mr. Sinclair and some of his friends, and also a paper purporting to be a partial settlement of the joint account transaction between Sinclair and Potter, whereby Potter assumed all these notes held by the savings banks, in consideration of a release to him of whatever equity there should be in the stock.

The amount due on these loans amounted to about \$285,000, exclusive of interest, and these matured at various dates in October, November, December, and January last. Some of them matured before the failure of the bank, and were renewed.

At the time of the failure of the bank these papers were not among the bank's assets and were not listed by Mr. Ewer when the assets were handed over to me by him, as I remember, but I think were obtained by Mr. Hyde out of Mr. Potter's private papers and were delivered to me by him, Mr. Potter claiming that he had indorsed the orders and that they properly belonged to the assets of the bank, but they were nowhere listed among the collateral held by the bank, although they were of some value according to the value of the stock in the market at that time. Mr. Hyde said that he would take care that Mr. Sinclair renewed the notes as they fell due, and that Mr. Sinclair would do this inasmuch as he was very much interested in the Boston and Maine stock, and did not wish this large amount of stock to be thrown on the market, as it would seriously embarrass him.

Apparently there was some misunderstanding between Mr. Hyde and Mr. Sinclair with regard to renewing these notes, for although some of them were renewed, many of them were paid, and Mr. Sinclair, on payment by him of the notes which, by the terms of the agreement Mr. Potter was to pay, took the stock. In our conferences with Mr. Sinclair and his counsel they at first took the position that these orders, although indorsed by Mr. Potter, had never been delivered to the bank, and that if they were owned by Mr. Potter, Mr. Sinclair was entitled to hold this stock in order to offset what he claimed was a very large shortage in the other joint account between him and Mr. Potter; but his counsel have finally abandoned this position, and are now willing to account to us for this stock at its fair value. The arrangement suggested by them is to credit Mr. Sinclair with the amount of the loans paid by him and interest thereon, and with the amounts, both principal and interest, due on the loans which he has renewed, and to charge him with the market value of the stock on the date of the maturity of the loans, except some of the loans which were before the failure renewed, and the renewals of which have not yet matured, and to take the market value of the stock, which stands as collateral for these loans at its market price the day the proposition was made, when its market value was \$167 a share. By this settlement he assumes the loans and buys the stock at its market value on these dates.

The difference between the amounts paid and assumed by Sinclair and the value of the stock is some \$40,000, which sum he proposes to pay to us in cash when the settlement is made. This is undoubtedly a very advantageous offer and really gives us the advantage of having Mr. Sinclair carry this stock for us down to the present time since the failure of the bank, and amounts to a sale of it by us at fair prices without breaking the market. The prices realized for the stock vary from 160 to 168 on these dates. The only concessions that we make to Mr. Sinclair are to surrender to him the note, on which there is a balance apparently due of \$7,120.01, but which balance is more than paid by the rights as explained above, and which therefore can not be collected of Mr. Sinclair, and to give him the benefit of the dividends which have been declared on the 2,047 shares of stock, which, it seems to us, are not large concessions to make in order to avoid possible litigation with Mr. Sinclair, and what seems to us a very doubtful question of law whether, under the orders which I have mentioned, the bank has any greater rights against Mr. Sinclair than Mr. Potter has. By this settlement we get \$40,000 in cash and the promise, which will undoubtedly be fulfilled, of about \$85,000 and interest on the 25th day of this month. Of course, on the settlement of this matter Mr. Sinclair is to have delivered up to him all the collateral securities held by the bank for his indebtedness, of which I have as yet delivered to him none.

I have not given you the exact figures and details of this settlement, the amount of the loans made by savings banks, the details, when they fell due, the payments

made by Mr. Sinclair, both principal and interest thereon, the number of shares of stock sold, and the prices at which they are taken at this settlement.

If you desire this to be sent you I will have a schedule prepared, but it seems to me, as the terms of the settlement are so manifestly just and proper and for the advantage of the trust, that it is useless to trouble you with the details.

Kindly telegraph me on receipt of this letter whether you approve the proposed settlement, and authorize a petition to the court, and whether you think I had better delay the settlement in order to give notice to the creditors or not. Unless you think notice should be given to the creditors, it seems better not to imperil this settlement by delay.

If the settlement is put through, there will be enough money on hand when Mr. Sinclair pays the \$85,000, which he promises by May 25, to pay 5 per cent more to the creditors, and I can see no immediate prospect of realizing any other very large sums of money, so that if the settlement is put through we can be preparing to pay a further dividend of 5 per cent about June 1, and if you approve of this, you can instruct me to that effect and send the checks, and I will prepare the necessary schedules and checks for the dividend.

Very truly yours,

THOS. P. BEAL,
Receiver.

Hon. E. S. LACEY,
Comptroller, Washington, D. C.

No. 80.

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, D. C., May 11, 1892.

SIR: Your letter of the 7th instant is received, with respect to a settlement of the indebtedness of Mr. Sinclair to your trust, and as requested you were wired as follows:

"Comptroller wired you yesterday to wrong address. Substance is now repeated. Proposed settlement Sinclair indebtedness, letter 7th, seems advisable and proper. If your judgment remains unchanged and is concurred in by counsel, you may apply to court, stating urgency, waiving notice to creditors not readily reached."

Very respectfully,

E. S. LACEY,
Comptroller.

Mr. THOS. P. BEAL,
Receiver Maverick National Bank, Boston, Mass.

No. 81.

[Thomas P. Beal, receiver Maverick National Bank. Capital, \$400,000. Surplus, \$300,000.]

BOSTON, *April 13, 1892.*

SIR: There was a hearing on Friday last and another of considerable length on Saturday, before Judge Nelson, on my petition for leave to compromise the indebtedness of Thomas Dana & Co., the Electric Lustre Starch Company, and Mr. Delano. The settlement was opposed by Mr. W. F. Dana, representing his father, Mr. Thomas Dana, the senior member of the firm of Thomas Dana & Co. Mr. Dana brought in to me the day before the hearing an offer of payment in full of the notes of the Electric Lustre Starch Company, but providing no way for the other indebtedness. I had not heard of this offer before, and it seems it was made by an employé of the starch company, who had been recently discharged by Mr. Raymond and desired to obtain control of the company and oust his employers. There were some reasons for considering this offer made by Mr. Dana better than the other offer made by Raymond and Delano. Between the hearing on Friday and the hearing on

Saturday Messrs. Delano & Raymond changed their offer by offering to give me their note for the further sum of \$6,000, payable in six months, without interest, secured by the Electric Lustré Starch notes and stock, and further guaranteeing with a good surety that I should receive as my one-half of the proceeds of the assets of Thomas Dana & Co. above the \$15,000, at least the sum of \$6,000 within one year.

The settlement thus modified was confirmed by the court and was ordered out Saturday afternoon, and I received \$21,000 in cash, and have a fair prospect of getting \$12,000 more within a year. This settlement is undoubtedly a very advantageous one and much better for the trust than the other made by Mr. Dana.

Very truly yours,

THOS. P. BEAL,
Receiver.

Hon. E. S. LACEY,
Comptroller, Washington, D. C.

No. 82.

[Thomas P. Beal, receiver Maverick National Bank. Capital, \$400,000. Surplus, \$800,000.]

BOSTON, *May 24, 1892.*

SIR: S. W. Bates, of Boston, is indebted to the Maverick National Bank as maker of three promissory notes, aggregating \$5,000. He has gone into insolvency, and under the provisions of the insolvent law has effected a compromise with his creditors at 10 cents on the dollar. He has a deposit in the Maverick Bank, the amount of which, at the date of suspension, was \$2,177.60. Applying this deposit in payment of the notes as far as it will go, it leaves a balance due of \$2,822.40. He offers his creditors 10 per cent on the dollar. By our insolvent law claims are made up as of a certain date, which, in this case, is November 27, 1891. Interest will, therefore, have to be discounted upon the amount of these notes, leaving the debt \$2,781.73, upon which the dividend will be paid. The amount of the dividend which I can realize by accepting the composition is therefore \$278.17. Unless the composition is accepted under our law nothing can be realized, inasmuch as the compromise with his creditors bars the claims of all persons, no matter whether they accept the composition or refuse. It therefore seems to me necessary and proper to obtain an order of court authorizing me to accept the sum of \$278.17 in discharge of the liability of Bates to the Maverick Bank.

Please reply at your earliest convenience authorizing me to apply to the court for leave to accept the composition.

Very respectfully, yours,

THOMAS P. BEAL,
Receiver.

Hon. E. S. LACEY,
Comptroller, Washington, D. C.

No. 83.

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, D. C., May 26, 1892.

SIR: Your letter of the 24th instant is received, referring to the indebtedness of S. W. Bates to your trust, and stating that he has gone into insolvency and offers creditors 10 cents on the dollar.

Your suggestion that an order of court should be obtained, authorizing you to accept the offer and payment of the sum of \$278.17 in discharge of Mr. Bates's liability, meets my approval.

Very respectfully,

R. M. NIXON,
Deputy and Acting Comptroller.

Mr. T. P. BEAL,
Receiver, Maverick National Bank, Boston, Mass.

Report of the condition of the *Maverick National Bank of Boston, Mass.*, in the hands of receiver, for the quarter ending March 31, 1892.

ASSETS.		Total.	Good.	Doubtful.	Worthless.
1	Assets at date of suspension, viz:				
2	Bills receivable (schedule with first report)	\$6, 166, 610. 34	\$1, 613, 507. 86	\$3, 780, 505. 11	\$772, 597. 37
3	Other assets (schedule with first report)	3, 519, 081. 26	2, 552, 140. 94	966, 940. 32	.....
4	Excess of bonds over circulation	5, 000. 00	5, 000. 00	.....	.....
5	Total assets at date of suspension	9, 690, 691. 60	4, 170, 648. 80	4, 747, 445. 43	772, 597. 37
6	Additional assets coming into possession of receiver since suspension (Schedule A)	364, 327. 02	361, 586. 42	2, 740. 60	.....
7	Premium, interest, rent, etc., received since suspension (Schedule B)	28, 059. 96	5, 948. 11	22, 111. 85	.....
8	Total assets at this date	10, 063, 078. 58	4, 538, 183. 33	4, 772, 297. 88	772, 597. 37
DISPOSITION OF ASSETS.					
9	Amount collected by receiver to date:				
10	From bills receivable (Schedule C)	2, 940, 779. 16	1, 417, 667. 90	1, 507, 110. 38	15, 800. 88
11	From other assets on hand at date of suspension (Schedule D)	2, 567, 492. 01	2, 007, 758. 67	559, 733. 34	.....
12	From other assets acquired since suspension (Schedule E)	45, 541. 55	42, 800. 95	2, 740. 60	.....
13	From premium, interest, rents, etc. (Schedule F)	25, 907. 24	4, 186. 75	21, 780. 49	.....
14	Total amount collected by receiver	5, 579, 779. 96	3, 472, 614. 27	2, 091, 364. 81	15, 800. 88
15	Offsets allowed and settled on bills receivable (Schedule G)	226, 630. 19	145, 863. 81	80, 766. 38	.....
16	On other assets (Schedule G)	356, 142. 34	343, 205. 42	12, 936. 92	.....
17	Losses on promissory notes and other assets compounded or sold by order of court:				
18	On bills receivable (Schedule H)	3, 592. 89	2, 819. 46	773. 43	.....
19	On other assets (Schedule H)	38. 19	14. 40	23. 79	.....
20	Assets on hand at date of this report:				
21	Bills receivable (Schedule J)	2, 906, 316. 43	47, 665. 02	2, 191, 854. 92	756, 796. 49
22	Other assets at date of suspension (Schedule K)	864, 292. 35	409, 714. 72	394, 577. 63	.....
23	Other assets acquired since suspension (Schedule L)	54, 786. 23	54, 786. 23	.....	.....
24	Amount collected by Comptroller from premium, interest, etc. (Schedule M)	1, 500. 00	1, 500. 00	.....	.....
25	Total	10, 063, 078. 58	4, 538, 183. 33	4, 772, 297. 88	772, 597. 37

COLLECTIONS.		DISPOSITION OF COLLECTIONS.	
26	Amount collected by receiver:		
27	From good assets	\$3, 472, 614. 27	32 Loans paid, and other disbursements (Schedule O)
28	From doubtful assets	2, 091, 364. 81	33 Dividends paid by Comptroller's checks
29	From worthless assets	15, 800. 88	34 Legal expenses paid (Schedule P)
	From assessment of _____ per cent on stockholders, _____ (Schedule N) .....	.....	35 Receiver's salary paid to date
30	Amount collected by Comptroller	1, 500. 00	36 All other expenses (Schedule R)
31	Total collections	5, 581, 279. 96	37 Balance in hands of Comptroller as per statement of receipts and disbursements
			38
			39 Disbursements and balances
			5, 581, 279. 96

Report of the condition of the Maverick National Bank, etc.—Continued.

LIABILITIES.

AT DATE OF SUSPENSION.		AT DATE OF REPORT.			
40	Individual deposits (schedule with first report).....	\$2,956,832.64	47	Claims proved for liabilities, shown by the books.....	\$7,055,441.03
41	Public deposits (schedule with first report).....		48	Claims in dispute (Schedule S).....	43,807.77
42	Certificates of deposit (schedule with first report).....	110,573.74	49	Liabilities not proved, as shown by the books (Schedule T) ..	700,708.61
43	Due to national banks (schedule with first report).....	4,123,463.55	50	Liabilities canceled by offset and otherwise (Schedule U) ..	582,772.53
44	Due to other banks and bankers (schedule with first report).....	1,143,725.47	51	Contingent liabilities discharged (Schedule V) ..	
45	Dividends unpaid.....	100.00	52	Total as per contra.....	8,382,724.94
	Certified checks.....	48,029.54	53	Claims proved as above.....	7,055,441.03
46	Total.....	8,382,724.94	54	Claims established, not on the books (Schedule W).....	385,417.10
			55	Total claims proved.....	7,390,858.13

DIVIDENDS.

56	Dividend checks received from comptroller (90 per cent of principal).....	\$4,434,514.86	59	Dividend checks delivered.....	\$4,409,927.85
57	Dividend checks received from comptroller (— per cent of interest).....		60	Dividend checks on hand.....	24,587.01
58	Total.....	4,434,514.86	61	Total.....	4,434,514.86

THOS. P. BEAL,
Receiver.

E. & O. E.

MEMORANDUM.

In first report "other assets good" were reported.....	\$2,548,653.63
Account 50 per cent fund	2,250.00
Total.....	2,550,903.63
The sum reported should have been	2,552,140.94
Or a difference of.....	1,237.31
Being the amount of teller's cash over, October 31 1891.	

Items from schedule of remaining assets reported by the receiver of the *Maverick National Bank* in letter of June 1, 1892.

Estimated value.	Time loan.	Amount.	Endorsers and collateral.
	1. Adamanta Mfg. Co.....	\$1,139.32	
	15. Ballou, E. M.....	2,000.00	M. R. Ballou.
	16. Barnes, Oliver W.....	800.00	E. R. Wiggin.
	22. Florida Com'l Co.....	27,390.67	\$13,000 J. T. & K. W.; collat., Tr. Series A bonds; deed Com'l Co. to F. E. Smith for 25,000 acres of land in Lee County; 18,920 acres land in Manaha Co., Fla.; 14,120 acres land in Lee County.
\$29,000.00	23. " " " "	42,420.	\$38,000 J. T. & K. W.; collat., Tr. Series A bonds. 300 J. T. & K. W.; collat. Tr. scrip. 4,000 St. John & Lake Eustis Ry. bonds.
	24. " " " "	2,352.74	Asa P. Potter; cts. from J. Edwards, trustee, holds 50,080 acres of land as collateral for \$49,333.34, notes of Fla. So. Ry. to Fla. Com'l Co.
	26. Huguley, H. W. & Co....	1,250.00	Note Alabama & Ga. Mfg. Co., \$2,500.
	27.	1,250.00	Do.
6,000.00	31. Me. Trust & Banking Co	10,000.00	
	66. Candler, John W.....	39,700.00	\$7,891, Fla. Com'l Co., secured by \$10,000 J. T. & K. W. bonds, series A; 4,000 acres of land in Fla., Desoto and Lee Counties; \$1,000 J. T. & K. W., series A, bonds; \$2,000 J. T. & K. W., series B, bonds; \$50 J. T. & K. W. scrip; 34 shs. Fla. So. Ry. Co.; 289 shs. Fla. Com'l Co.
	69. Boston Heating Co.....	5,000.00	Irving A. Evans & Co.
	70. " " " "	5,000.00	" " " "
	71. " " " "	5,000.00	" " " "
1,000.00	72. Butler, Peter.....	2,600.00	\$3,170 note Ralph Black, due April 30, 1892.
	73. " " " "	14,600.00	
	74. " " " "	3,200.00	
	75. " " " "	1,000.00	
	76. " " " "	600.00	
	(Collected from collateral of Peter Butler,	\$19,896.72.)	
2,000.00	77. Candler, Wm. L.....	1,000.00	
	78. " " " "	2,840.00	\$8,000 J. T. & K. W. collat. Tr. bonds B; 25 shs. Fla. Com'l Co.; 266 shs. Fla. So. Ry. Co.
	79. Candler, John W.....	1,272.42	
	80. " " " "	1,070.31	
	81. " " " "	1,483.42	
	87. Horsford, B. F.....	7,493.62	76 shs. Winona Paper Co.
	88. Jenkins, Edward, jr.....	25,574.08	
	89. " " " "	14,900.77	
	(Collected from collateral of Edward Jenkins,	26,895.)	
12,500.00	90. Mitchell, Thos. M., bal.	11,560.00	234 shs. Iron R. R. Co.; 237 shs. C. H. & D. R. R. Co. of which 300 illegal, 87 pd. and legal; \$1,000 Herdic Phaeton Co. bond; \$1,000 Algonquin Club bond.
	91. Pearson, E. H.....	2,289.64	C. E. Raymond.
500.00	92. Raymond, Chas. E.....	571.25	780 shs. San Gabriel Land and Water Co.; 10 shs. Cambridge Electric Light Co.
	93. " " " "	10,000.00	
2,500.00	94. Ross, Louis.....	30,000.00	
	95. " " " "	20,000.00	
800.00	96. Santa Fé Copper Co.....	3,750.00	Irving A. Evans & Co.
	105. Thomas, Edward I.....	2,500.00	\$4,000 note Peter Butler, overdue, with two cts. of deposit of \$500 each, in partial payment.
30,000.00	108. Venner, C. H. & Co.....	50,000.00	\$25,000 Am. Waterworks Co.; 6's \$10,000 Iowa Water Co.; 6's \$15,000 Denver City Water Co.; 5's 10,000 city of So. Omaha funding bonds.
2,500.00	110. Warren, Jos.....	402,117.52	100 shs. Chelsea Beach Co.; 1,300 shs. East Boston Land Co.; 200 shs. Hotel Wellesley Co.; 800 shs. Boston & Chattanooga Syndicate; 6 shs. Fla. Com'l Co.; 25 shs. Boston Heating Co.; 150 shs. St. Louis Cable & Western Ry. Co.

Estimated value.	Special loans.	Amount.	Endorser and collateral.
	130. Bar Harbor Bkg. and Tr. Co.	\$5,000	
	131. First Nat. Bk. Pawtucket.	20,000	
	132. Maine Trust and Bkg. Co.	5,000	\$25,000 Maine Water Co.; 5,000 Wallace County, Kansas, bonds; 1,000 Marion County, Kansas, bonds; 7,000 City Blue Rapids, Kansas, bonds; 2,000 Council Grove, Kans.

Items from schedule of remaining assets, etc.—Continued.

Estimated value.	Asa P. Potter's liability.	Amount.	Endorsers and collateral.
	133 Hewins, E. H	339,942.50	Asa P. Potter.
	134. Ballou, M. R	2,000	" " "
	135. " " "	36,938.20	" " "
	136. Dillaway, H. G	39,982.11	" " "
	(Collected from collateral of Asa P. Potter, \$26,895.)		
	137. A. P. Potter	1,887.75	
	138. " " "	1,940	
	139. " " "	3,000	
	140. " " "	6,000	
	141. " " "	2,500	
	142. " " "	3,000	
	143. " " "	3,500	
	144. " " "	3,000	
	145. " " "	5,000	
	146. " " "	4,000	
	147. " " "	10,000	
	148. " " "	5,000	
	149. " " "	8,500	
	150. " " "	9,000	
	151. " " "	38,940	
	(Collected from collateral of Asa P. Potter, \$15,068.16.)		
	152. Bickford, Scott F	40,000	
	(Collected from collateral of Asa P. Potter, \$26,895.)		
	153. Bixby, E. M	40,000	25 shs. California Nat. Bank, San Diego, Cal.
	(Collected from collateral of Asa P. Potter, \$15,276.)		
	154. Brown, Frank Q	39,680	18,000 J. T. & K. W.; Series A, collat. tr.; 800 J. T. & K. W. scrip.; 400 shs. Fla. Com'l Co. \$20,000 St. John & Lake Eustis E. R. Co. 1st M. G's.
	155. Candler, Wm. L.	37,500	
	156. Child, Lewis	39,000	
	157. Connelly, W. A	25,000	
	158. " " "	14,000	
	159. Cox, Jos. M	40,000	
	(Collected from collateral of Asa P. Potter \$26,895.)		
	160. Curtis, Wm. M	39,000	
	161. Dodge, Wm. Ladd	39,000.00	
	162. Farwell, Henry N	30,000.00	
	163. Garrett, L. O	39,258.48	A. P. Potter. Deeds of Fla. Com'l Co. to Sam'l Hanson, 331-345-342-332-341-339-340-337-336-333-338-329-330-334-359-385 of lands.
	164. Gleason, B. F	39,000.00	
	165. Harrington, Wm. S	40,000.00	
	166. Haskell, Wm. A	24,189.38	\$390.15 A. T. & S. F.6 Gen'l M. 4 per cent Scrip; \$875 A. T. & S. F.6 Inc. Bond Scrip; \$500 A. T. & S. F.6 Gen'l M. Bond.
	167. Kelsey, C. E	6,602.50	\$36,000 Louisville, New Albany & Chicago R. R. Gen'l M. G's.
	(Collected from collateral of Asa P. Potter, \$4,468.75.)		
	168. Kellogg, C. F	19,889.63	
	(Collected from collateral of Asa P. Potter, \$17,930.)		
	169. Kellogg, H., Jr	40,000.00	
	170. Lacy, Sylvester	39,000.00	
	171. Miller, A. G	38,060.00	\$10,000 J. T. & K. W. R. R. Collat. Tr. Series B. \$350 J. T. & K. W. R. R. Scrip.; 160 shs. Fla. Com'l Co.; 12 shs. Quincy Market Cold Storage Co.; 35 shs. Boston Cab Co.; 153 shs. Fla. So. Ry. Co.; 25 shs. Aztec Land & Cattle Co.
	172. Mitchell, Thos. M	15,000.00	
	173. " " "	13,000.00	
	174. Monk, Warren G	33,219.24	
	(Collected from collateral of Asa P. Potter, \$22,842.82.)		
	175. Morris, Warren F	39,000.00	
	176. Warren, Jos	9,218.23	
	177. " " "	40,000.00	
	178. Woods, H. F. Trustee ..	31,000.00	Declaration of trust to H. F. Woods, trustee, by Ellen D. Raymond, Willard A. Bullard, Asa P. Potter, of certain property located in Cambridge, Mass.
	(Collected from Asa P. Potter's general collateral—		
			\$27,936.56
			8,894.25
			4,570.13
			56,538.21
			45,837.50
			115,840.00
			3,931.25
			1,214.03
	Received from assignees of Potter		
	Margin on note of Worcester		
	5 Cent Savings Bank		
	Southbridge Savings Bank		
	General collateral of Asa P. Potter on hand		206,762.02
	\$3,000 J. T. & K. W. Collat. Tr. Series B.; 100shs. Manatee Cattle Co.; 100 shs. Fla. Com'l Co.; 50shs. Aztec Land and Cattle Co.		

Items from schedule of remaining assets, etc.—Continued.

Estimated value.	Jonas H. French's liability.	Amount.	Endorsers and collateral.	
\$15,000.00	179. Cape Ann Granite Co.	\$10,000	J. H. French.	
	180. " " " "	10,000	" "	
	3,500.00	181. " " " "	10,000	" "
		182. French, Henry G.	10,000	Jonas H. French.
	3,750.00	183. Craig, Geo. E.	40,000	" " "
		184. French, Jonas H.	4,534.57	75 shs. Chas. River Emb. Co.
	10,000.00	185. Quinn, Geo. W.	40,000	
		186. Bennett, H. W.	39,000	
		187. Boutell, Chas. C.	39,825	
		188. Cape Ann Granite Co.	10,000	
		189. " " " "	10,000	
		190. Emerson, Burt.	39,750	
		191. Evans, Geo. F.	30,000	
		192. French, Henry G.	23,368.59	
		193. Hosler, Geo. E.	40,000	
		15,000.00	194. Jewett, Fred. G.	35,000
	195. Lowell, W. L.		40,000	
	196. Pearson, Edw. A.		23,717.21	
	197. Pearson, W. H.		39,850	
	198. Pearson, Arthur E.		39,750	
	199. Marsh, Thomas		40,000	
200. Rawson, E. M.	39,500			
201. Thompson, N. A.	39,900			
654,198.37				
Collected from Jonas H. French's general collateral—			\$141,313.91	
			1,520.00	
			513.75	
			503.75	
			11,586.25	
			2,291.25	
			150.30	
			39,425.00	
			197,424.21	

Estimated value.	Thomas Dana's liability.	Amount.	Endorsers and collateral.
\$10,000.00	202. Dana, Thomas	\$5,000	I. A. Evans & Co.
	203. " " "	5,000	" "
	204. " " "	5,000	" "
	205. " " "	10,000	" "
	206. " " "	10,000	" "
	207. Brooks, H. F.	2,000	
	208. Dana, Thomas	1,523.69	13 shs. Union Glass Co., 10 shs. Electric Lustre Starch Co.
	209. Dana, Wm. F.	9,699.83	80 shs. Union Glass Co., \$6,000 J. T. & K. W. collat., Tr. series A bonds, \$2,500 Iron R. R. Inc. bonds, \$15,000 Spring Grove, Avondale & Cin. R. R. receipt for bonds.
	210. Dana, H.	13,606.71	
	211. Pearson, E. H.	6,570	
	(Collected from collateral of Thomas Dana, \$44,266.15.)		
<i>Thomas Dana & Co.</i>			
6,000.00	212. Raymond, W. H. } Delano, W. O. }	6,000	8 notes Electric Lustre Starch Co., 17 shs. Electric Lustre Starch Co. stock.
3,000.00	213. There is also an agreement to pay \$6,000 or more in one year from April 9, 1892 (on which \$3,000 has been paid).		

Joint guarantees.

Estimated value.	Asa P. Potter and Jonas H. French.	Amount.	Collateral.
	214. Murphy, Edward J	\$36,375.00	\$24,000 Little Rock, Miss. River & Texas R. R. 7 per cent bonds 2nd. 4,200 do. notes. 305 shs. do. stock. \$2,000 Iron Ry. Co. Inc. Mort. 6 shs. Mechanical Ref. Co. 500 shs. Adamanta Mfg. Co. 863 shs. Toledo, Cin. & St. Louis R. R. Co. \$500 Toledo & D. Trust Iron R. R. Scrip. \$170 Toledo & D. Trust T. D. & B. T. C. & St. L. Inc. Bond Scrip.
	(Collected from collateral of Potter & French, \$2,257.50.)		
	215. Clark, John H	35,895.86	
	<i>Asa P. Potter and Thomas Dana.</i>		
	216. Sherman, R. I.	10,000.00	
	217. Clark, Chas. W.	35,384.63	
	218. Goodwin, Otis L.	5,000.00	
	219. Mitchell, Thomas	5,416.03	

Sundry bond accounts.

No. 1.

Estimated value.	
	224. 550 J. T. & K. W. collat. scrip. 231. \$43,000 Alberta Lumber Co., ldt. 6's. 232. \$50,000 Wisc. Iron Co., 1st M. 6's. 233. 500 shs. Wisc. Iron Co. stock. 234. 1703 shs. Ruby Iron Mining Co. 235. \$7,500 Amos W. Whately & Co. Spgd., Ohio, 5's.
	REAL ESTATE.
	One undivided $\frac{1}{3}$ of the following lots:
	Bar Harbor property—
	1. Lot, 1,805 sq. ft., Main st., Bar Harbor, Eden, Me.
	2. Lot, 2,100 sq. ft., Main st., Bar Harbor, Eden, Me.
	3. Lot, 2,083 $\frac{1}{2}$ sq. ft., Main st., Bar Harbor, Eden, Me.
\$12,000.00	241. Hotel Porcupine, situated on one of above lots; not so stated in deeds.
	4. Lot, 110 acres, town of Eden, Me.
	5. 70 acres, Tremont.
	6. Area not stated, Mount Desert.
	7. Mountain lot, Tremont.
	Also one undivided third of lot in Hancock County, of 30 acres, more or less.

No. 86.

[Maverick National Bank, Boston, Mass.]

Asa P. Potter's liability.

As maker, direct liability		\$105,267.75
As endorser, indirect "		988,472.27
Total		1,093,740.02
Amount collected from collaterals of A. P. Potter	\$421,032.75	
Estimated value of remaining indebtedness	200,000.00	
		621,032.75
Estimated loss		472,707.27
<i>Jonas H. French's liability.</i>		
As principal, direct liability		4,534.57
As endorser, indirect "		649,658.80
Total		654,193.37
Amount collected from collaterals	\$197,424.21	
Estimated value of remaining liability	47,250.00	
		244,674.21
Estimated loss		409,519.16

Thomas Dana's liability.

Direct, as principal		\$35,000.00
Indirect, as endorser, or otherwise		45,400.23
Total		80,400.23
Collected from collaterals	\$44,266.15	
Estimated value of remaining liability	19,000.00	
		63,266.15
Estimated loss		17,134.08

Joint liability of Asa P. Potter and Jonas H. French.

Indirect		72,271.46
Collected from collaterals		35,895.86
Estimated loss		36,375.60

Joint liability of Asa P. Potter and Thomas Dana.

Indirect		55,800.66
Probable loss		55,800.66

WASHINGTON, D. C., June 28, 1892.

The committee met at 7:30 p. m., at the office of the Comptroller of the Currency, United States Treasury Department.

Present: Senators Chandler (chairman), Dixon, and Peffer.

STATEMENT OF HON. E. S. LACEY, COMPTROLLER OF THE CURRENCY.

The CHAIRMAN. Mr. Lacey, please state your legal residence.

Mr. LACEY. My legal residence is Charlotte, Mich.

The CHAIRMAN. When were you appointed Comptroller of the Currency?

Mr. LACEY. I entered upon the duties of my office May 1, 1889.

The CHAIRMAN. Are you about to leave the office?

Mr. LACEY. My resignation has been accepted, to take effect on the 30th day of the present month.

The CHAIRMAN. You may state whether or not you have caused certain copies to be furnished the chairman of this committee, through Mr. Charles J. Stoddard, one of the clerks in the Department.

Mr. LACEY. We have exhibited to the chairman of this committee all matters of record in the office which he has desired to see, and under my direction Mr. Charles J. Stoddard, a clerk in this bureau, has caused to be prepared verified copies of all such documents and papers as the chairman has designated for that purpose. These copies have been delivered by Mr. Stoddard to the chairman of the committee.

The CHAIRMAN. State what Mr. Stoddard's position is in the bureau?

Mr. LACEY. Mr. Stoddard has been for several years in charge of insolvent banks, and has in his custody all of the records and files pertaining to insolvent banks, and prepares all correspondence in connection with the settlement of their affairs.

The CHAIRMAN. Is he thoroughly familiar with everything that relates to insolvent banks?

Mr. LACEY. He is entirely familiar with all matters pertaining to insolvent banks.

The CHAIRMAN. Will you refer to your last annual report, and call the attention of the committee in a general way to any discussion therein concerning the insolvency of national banks?

Mr. LACEY. On page 5 of my last annual report there begins a discussion of the bank failures which occurred during the report year which ended November 1, 1891.

The CHAIRMAN. Through how many pages do you discuss the question of failed banks?

Mr. LACEY. Commencing near the bottom of page 5, the discussion extends to the end of page 8. It first alludes to the failures, discusses them, and then makes certain comparisons with the failures of banks and banking institutions outside of the system during the fiscal year ended June 30, 1891, and also quotes from the report of Comptroller Knox for the year 1879, showing losses under other systems for the three years ended January 1, 1879.

The CHAIRMAN. I will read to you and will put in the record from the bottom of page 7, the following:

Since the foundation of the system 4,648 associations have been organized, of which 164 have become insolvent, equal to about 3½ per cent for a period of twenty-nine years. Of this number the affairs of 102 have been finally settled, representing \$28,544,992 of proved claims, upon which the claimants have received on an average 74.17 per cent, constituting a net loss to depositors of \$7,372,036. The affairs of 62 banks are still unsettled, representing claims proved to the amount of \$29,247,036, on which have been paid \$17,456,167, leaving assets estimated at \$3,702,925 yet to be distributed, which would represent a loss to creditors of \$8,087,944.

It will be observed that losses to creditors of national banks during the twenty-nine years of the existence of the system, taking the amounts ascertained and the amounts estimated, aggregate \$15,459,980, or an average of \$533,103 per annum during the life of the system.

The average amount of liabilities of all the banks since 1863 approximates \$1,055,434,022, indicating that the annual average loss to the creditors of national banks for the period of twenty-nine years has been only one-twentieth of 1 per cent.

Have these figures and the other figures given in your report been prepared with care?

Mr. LACEY. They were prepared by one of the most experienced clerks, who has charge of the accounts of insolvent banks, and I have most implicit confidence in their correctness.

The CHAIRMAN. Have you any data for comparing the losses sustained in consequence of failed banks with the gross amount of business done not contained in this report?

Mr. LACEY. I have no data except that which is contained in this same report on pages 6 and 7. I undertook by correspondence with State officers having in charge the banks of the several States to ascertain the number of failures for a given period, together with the capital, liabilities, and losses, but I found very few States where the losses by reason of failures could be ascertained. In most cases they are settled through receivers appointed by the courts, the reports are made to the various State courts, and the State officers are never informed as to the results attained.

Senator DIXON. You refer now to State banks?

Mr. LACEY. I am referring to State banks.

So, not being able to institute any comparison in that way, I addressed a letter to the Bradstreet Commercial Agency and asked them to make me a statement of the failures which occurred during the year ended June 30, 1891, and I received from them a statement giving the names of the various banks, bankers, and brokers doing a banking

business reported as failed during that year. They stated the number at 117 institutions, having liabilities estimated at \$38,271,511 and assets valued at \$20,794,092. Taking it for granted that the assets would all be realized upon and that there would be no expense whatever in administering the trusts, this would indicate a loss to the creditors of those institutions during the single year ended June 30, 1891, of \$17,477,419.

I will say that this is a sum \$2,000,000 in excess of all losses incurred by the creditors of all national banks during the entire twenty-nine years of their existence.

The CHAIRMAN. Are you willing to undertake to say that those statistics are reliable?

Mr. LACEY. I think they are as reliable as can be procured in relation to banks and banking companies outside of the national system. I know of no system in this country or any other where exact results can be ascertained except in the national banking system of the United States.

The CHAIRMAN. So that the data, whether reliable or not, are all that you know of that are accessible?

Mr. LACEY. They are the most reliable that are accessible. During the time that the Hon. John J. Knox was Comptroller of the Currency he made an effort to ascertain the losses incurred under the various State banking systems, and I have incorporated in this report, commencing upon page 6, the results of his investigation.

I will say, if you will permit me, that he ascertained the failures of State and savings banks and private bankers in the different States during the three years ended January 1, 1879, and states the results of his investigation. It is shown that during these three years there were 210 failures, with claims involving liabilities of \$88,444,028, upon which were paid to claimants \$58,152,638, leaving as a net loss to the creditors \$32,616,661, or an amount for three years which is double that experienced by the creditors of all national banks of the system during its twenty-nine years' existence, or an average of over ten millions each year as against \$533,000 each year in the national system.

The CHAIRMAN. You published in the North American Review for February, 1892, an article entitled "Can our National Banks be made Safer," which I will annex at the close of your statement to this committee. How much care did you give to the preparation of that article?

Mr. LACEY. I gave great care to it. All the figures are taken from official sources or from the highest authorities accessible. I think, with the exception of that quoted from Bradstreet, all are from official sources. If time had permitted I should have asked permission to prepare and submit a statement similar to that, but inasmuch as it is impossible to do so, the article alluded to may be accepted as giving a concise statement of the results, the dangers, and the remedies which seem to me to be worth considering.

The CHAIRMAN. I read your article with care, and I think it is as it stands exactly such a statement as will be useful to the committee, and that is the reason I have proposed to annex it. Do your last annual report and this article in the North American Review contain all the general suggestions you wish to make to the committee on the subject of the insolvency of national banks and the questions suggested by the resolution constituting the committee?

Mr. LACEY. I will be very glad to incorporate in the evidence a table, found upon page 8 of my report, which exhibits the results obtained in the settlement of the affairs of insolvent banks, showing the

amount collected, the amount of claims proved, the amount of dividends paid, and the ratio of expenses.

The table is as follows:

Date of failure in semi-decades.	No. of failed banks.	Total collections from all sources.	Legal expenses.		Receivers' salaries, and all other expenses.		Amount of claims proved.	Percentage of dividends on claims proved.
			Amount paid.	Ratio to total collections.	Amount paid.	Ratio to total collection.		
1865 to 1869, inclusive..	15	\$3,870,067	\$155,959	4.03	\$343,343	9.13	\$5,181,604	62.84
1870 to 1874, inclusive..	21	10,384,725	299,855	2.89	579,495	5.58	9,876,423	75.61
1875 to 1879, inclusive..	41	9,353,476	317,737	3.39	676,528	7.23	9,646,132	72.65
1880 to 1884, inclusive..	9	1,534,720	44,561	2.90	109,162	7.11	1,407,231	86.75
1885 to 1890, inclusive..	16	3,735,929	30,374	.81	122,195	3.27	2,483,512	90.65
Total	102	28,877,937	848,486	2.94	1,830,721	6.34	28,544,992	74.17

Mr. LACEY. This table shows the results as obtained in semidecades of five years each, commencing with the failure of the first bank and ending with 1890, and includes only such banks as have been finally closed and their assets all distributed or returned to the stockholders.

You will observe that it exhibits a constantly increasing percentage of dividends paid upon claims proved, commencing with 62.84 per cent for the first semidecade and ending with 90.65 per cent for the last semidecade.

The CHAIRMAN. From 1885 to 1890?

Mr. LACEY. The last being from 1885 to 1890. The ratio of legal expenses for the first semidecade was 4.03 per cent and during the last semidecade it was .81 of 1 per cent. All other expenses for the first semidecade were 9.13 per cent, and the same expenses for the last semidecade were 3.27 per cent, showing a remarkable diminution in expenses and a corresponding increase in dividends paid to claimants.

The CHAIRMAN. That is brought out in your report?

Mr. LACEY. Yes, and is carefully compiled by the clerk in charge of the records of insolvent bank affairs.

This would serve to show that the supervision has been of such a character that banks were not allowed to proceed so far in insolvency before they were closed, and that new methods and more complete supervision in the settlement of their affairs had relatively realized more from the assets and at a smaller expense than formerly.

The CHAIRMAN. Have you a table showing the names and results of failures of all banks since the system commenced?

Mr. LACEY. It is on page 208 and subsequent pages of this report. There will be found a tabulated statement giving the name and location of each insolvent bank, the date of its organization, capital stock, the date of the appointment of a receiver, estimated good, doubtful, and worthless assets, the additional assets received after suspension, and the total assets. It also shows the offsets allowed; loss on assets compounded or sold under order of the court; nominal value of assets returned to stockholders. It also shows the nominal value of remaining assets, the amount collected from assets, the amount collected from assessment upon shareholders, the total collections from all sources, loans paid and other disbursements, dividends paid, legal expenses, receiver's salary and other expenses, balance in hands of comptroller or receiver, amount returned to shareholders in cash, amount of assessment upon shareholders, amount of claims proved, dividends in percentage, interest dividends in percentage, and the dates when the banks were finally closed. This constitutes a complete history of the result of the liquidation of

each insolvent bank from the beginning of the system, and a careful review of it will establish the correctness of the figures which have been quoted from the table heretofore mentioned.

The CHAIRMAN. That shows that 164 banks have failed, the first failure being April 14, 1865, and the last October 14, 1891?

Mr. LACEY. Yes, sir.

The CHAIRMAN. Have you a statement of failures since October 14, 1891, or have you a table of the failures since you have been Comptroller?

Mr. LACEY. I had prepared, at the suggestion of the chairman, a list of all banks which failed during the years 1890, 1891, and 1892, which would supplement and complete the list found in the report for 1891.

The CHAIRMAN. How many additional failures does this contain beyond the 164?

Mr. LACEY. Twelve banks in addition to those stated in the report, or 176 in all.

The CHAIRMAN. That table will be put in the record, and you may make any explanatory statement of it that occurs to you.

The table is as follows:

Statistics of Certain Insolvent National Banks.

Bank No.	Location and name of bank.	Receiver appointed.	Capital stock.	Gross liabilities.	Liabilities canceled by offset.
3431	Harper National Bank, Harper, Kans.	Feb. 10, 1890	\$50,000	\$29,752	\$4,890
3936	Gloucester City National Bank, Gloucester City, N. J.	June 12, 1890	50,000	40,176	8,619
3502	Park National Bank, Chicago, Ill.	July 14, 1890	200,000	601,897	124,151
3564	State National Bank, Wellington, Kans.	Sept. 25, 1890	50,000	73,018	15,384
3559	Kingman National Bank, Kingman, Kans.	Oct. 2, 1890	100,000	86,536	2,295
3789	First National Bank, Alma, Kans.	Nov. 21, 1890	75,000	40,336	2,458
3836	First National Bank, Belleville, Kans.	Dec. 12, 1890	50,000	36,207	5,544
3695	First National Bank, Meade Center, Kans.	Dec. 24, 1890	50,000	18,856	128
3992	American National Bank, Arkansas City, Kans.	Dec. 26, 1890	300,000	344,253	78,737
3099	City National Bank, Hastings, Nebr.	Jan. 14, 1891	100,000	137,400	15,306
2003	Peoples National Bank, Fayetteville, N. C.	Jan. 20, 1891	125,000	156,508	37,733
2838	Spokane National Bank, Spokane Falls, Wash.	Feb. 3, 1891	100,000	567,426	95,757
3249	First National Bank, Ellsworth, Kans.	Feb. 11, 1891	50,000	136,469	15,289
3781	Second National Bank, McPherson, Kans.	Mar. 25, 1891	50,000	78,410	31,610
3787	Pratt County National Bank, Pratt, Kans.	Apr. 7, 1891	50,000	47,485	2,373
2291	Keystone National Bank, Philadelphia, Pa.	May 9, 1891	500,000	2,804,599	91,487
3468	Spring Garden National Bank, Philadelphia, Pa.	May 21, 1891	750,000	2,665,283	360,138
2023	National City Bank, Marshall, Mich.	June 22, 1891	100,000	163,202	8,000
3181	Red Cloud National Bank, Red Cloud, Nebr.	July 1, 1891	75,000	90,435	1,666
3792	Asbury Park National Bank, Asbury Park, N. J.	July 2, 1891	100,000	42,063	33,372
4415	Ninth National Bank, Dallas, Tex.	July 16, 1891	300,000	277,991	44,581
2811	First National Bank, Red Cloud, Nebr.	July 16, 1891	75,000	82,925	616
3927	Central Nebraska National Bank, Broken Bow, Nebr.	July 21, 1891	60,000	83,067	.....
4185	Florence National Bank, Florence, Ala.	July 23, 1891	100,000	65,708	6,827
3223	First National Bank, Palatka, Fla.	Aug. 7, 1891	150,000	318,068	12,504
3706	First National Bank, Kansas City, Kans.	Aug. 17, 1891	150,000	141,806	10,150
4146	Rio Grande National Bank, Laredo, Tex.	Oct. 3, 1891	100,000	80,580	35,218
768	First National Bank, Clearfield, Pa.	Oct. 7, 1891	100,000	227,855	33,803
3703	First National Bank, Coldwater, Kans.	Oct. 14, 1891	52,000	39,238	4,821
677	Maverick National Bank, Boston, Mass.	Nov. 2, 1891	400,000	8,718,143	582,772
569	Corry National Bank, Corry, Pa.	Nov. 21, 1891	100,000	590,439	12,069
3416	Cheyenne National Bank, Cheyenne, Wyo.	Dec. 5, 1891	150,000	303,538	17,934
3828	California National Bank, San Diego, Cal.	Dec. 18, 1891	500,000	1,104,802	84,964
1656	First National Bank, Wilmington, N. C.	Dec. 21, 1891	250,000	528,908	6,068
3267	Huron National Bank, Huron, S. Dak.	Jan. 7, 1892	75,000	49,467	8,353
3569	First National Bank, Downs, Kans.	Feb. 6, 1892	50,000	46,102	328
837	First National Bank, Muncy, Pa.	Feb. 9, 1892	100,000	110,006	19,796
4404	Bell County National Bank, Temple, Tex.	Feb. 19, 1892	50,000	80,173	184
3190	First National Bank, Deming, N. Mex.	Feb. 29, 1892	100,000	152,498	2,913
3554	First National Bank, Silver City, N. Mex.	Feb. 29, 1892	50,000	96,916	5,417
2859	Lima National Bank, Lima, Ohio	Mar. 21, 1892	200,000	219,894	.....
	Total.....41 banks.....		6,037,000	21,478,496	1,824,295

Further statistics of the same banks.

Bank No.	Location and name of bank.	Net liabilities.	Dividends paid.		Estimated value of remaining assets.	Causes of failure.
			Per cent.	Amount.		
3431	Harper National Bank, Harper, Kans.	\$24,862	60	\$13,632	\$9,730	F
3506	Gloucester City National Bank, Gloucester City, N. J.	31,557	40	11,827	3,030	F
3502	Park National Bank, Chicago, Ill.	477,746	100	452,017	25,729	F
3564	State National Bank, Wellington, Kans.	57,634	75	42,301	15,243	W
3559	Kingman National Bank, Kingman, Kans.	84,241	62½	51,599	7,642	X
3769	First National Bank, Alma, Kans.	37,878	.....	.....	30,878	H
3396	First National Bank, Belleville, Kans.	30,663	70	21,361	9,302	G
3685	First National Bank, Meade Center, Kans.	18,728	30	5,552	8,176	V
3692	American National Bank, Arkansas City, Kans.	265,516	40	94,651	170,865	G
3099	City National Bank, Hastings, Nebr.	122,154	30	29,482	22,672	J
2903	Peoples' National Bank, Fayetteville, N. C.	118,775	35	40,023	38,752	R
3236	Spokane National Bank, Spokane Falls, Wash.	471,669	35	134,183	337,486	H
3249	First National Bank, Ellsworth, Kans.	121,180	30	33,525	57,055	F
3791	Second National Bank, McPherson, Kans.	46,800	20	7,338	18,962	Q
3787	Pratt County National Bank, Pratt, Kans.	45,122	70	22,867	17,255	H
3291	Keystone National Bank, Philadelphia, Pa.	2,713,112	.....	.....	1,013,112	O
3468	Spring Garden National Bank, Philadelphia, Pa.	2,905,145	20	336,73 5	718,410	Q
2923	National City Bank, Marshall, Mich.	155,202	70	108,533	49,669	D
3181	Red Cloud National Bank, Red Cloud, Nebr.	88,769	42½	36,466	40,303	V
3792	Asbury Park National Bank, Asbury Park, N. J.	8,711	100	8,711	.....	G
4415	Ninth National Bank, Dallas, Tex.	233,410	15	14,147	139,263	Q
2811	First National Bank, Red Cloud, Nebr.	82,309	20	5,492	56,817	Q
3927	Central Nebraska National Bank, Broken Bow, Nebr.	88,067	.....	.....	73,067	G
4135	Florence National Bank, Florence, Ala.	58,881	.....	.....	40,081	O
3223	First National Bank, Palatka, Fla.	205,564	.....	.....	230,564	H
3706	First National Bank, Kansas City, Kans.	131,656	25	25,187	79,969	G
4146	Rio Grande National Bank, Laredo, Tex.	45,362	.....	.....	23,362	S
768	First National Bank, Clearfield, Pa.	194,052	25	28,190	105,862	V
3703	First National Bank, Coldwater, Kans.	34,417	25	8,395	18,022	H
677	Maverick National Bank, Boston, Mass.	8,135,370	80	5,973,953	1,291,417	S
589	Corry National Bank, Corry, Pa.	578,350	40	214,002	192,248	F
3416	Cheyenne National Bank, Cheyenne, Wyo.	283,574	25	62,210	203,364	Q
3828	California National Bank, San Diego, Cal.	1,019,838	10	63,857	655,981	Q
1656	First National Bank, Wilmington, N. C.	522,820	15	75,620	282,200	P
3367	Huron National Bank, Huron S. Dak.	41,114	.....	.....	24,514	U
3589	First National Bank, Downs, Kans.	45,774	.....	.....	40,774	Q
837	First National Bank, Muncy, Pa.	90,212	100	79,318	10,894	Q
4404	Bell County National Bank, Temple, Tex.	79,969	.....	.....	79,969	V
3160	First National Bank, Deming, N. Mex.	149,585	.....	.....	104,585	Q
3554	First National Bank, Silver City, N. Mex.	91,499	.....	.....	91,499	V
2859	Lima National Bank, Lima, Ohio.	219,894	50	70,239	149,655	F
	Total, 41 banks.	19,054,201	.....	8,072,103	6,485,398	

*And interest.

- A Defalcation of officers.
- B Defalcation of officers and fraudulent management.
- C Defalcation of officers and excessive loans to others.
- D Defalcation of officers and depreciation of securities.
- E Depreciation of securities.
- F Excessive loans to others, injudicious banking, and depreciation of securities.
- G Excessive loans to officers and directors and depreciation of securities.
- H Excessive loans to officers and directors and investments in real estate and mortgages.
- I Excessive loans to others and depreciation of securities.
- J Excessive loans to others and investments in real estate and mortgages.
- K Excessive loans and failure of large debtors.
- L Excessive loans to officers and directors.
- M Failure of large debtors.
- N Fraudulent management.
- O Fraudulent management, excessive loans to officers and directors, and depreciation of securities.
- P Fraudulent management and depreciation of securities.
- Q Fraudulent management and injudicious banking.
- R Fraudulent management, defalcation of officers, and depreciation of securities.
- S Fraudulent management, injudicious banking, investments in real estate and mortgages, and depreciation of securities.
- T Fraudulent management, excessive loans to officers and directors, and excessive loans to others.
- U Injudicious banking.
- V Injudicious banking and depreciation of securities.
- W Injudicious banking and failure of large debtors.
- X Investments in real estate and mortgages and depreciation of securities.

Senator DIXON. The table which has just been inserted in the record brings the list of national banks which have failed up to the present time, does it not?

Mr. LACEY. Yes, sir; for which receivers have been appointed.

The CHAIRMAN. You do not reckon a bank as insolvent while in the hands of the examiner—not until you appoint a receiver?

Mr. LACEY. No, sir. Included in this supplemental statement are two banks which have attracted much public attention. I think the failures involve greater losses to creditors than any other banks which have failed during the life of the system. I think so; I am not absolutely sure of that. I refer to the Keystone National Bank of Philadelphia, and the Spring Garden National Bank of Philadelphia, both of which failed during the year 1891. These were both banks which were originally organized under State law and were converted to the national-bank system. The examination of the experts appointed by the Secretary of the Treasury for the purpose of making an exhaustive investigation of the affairs of these two banks indicates that both may have been insolvent when they entered the system and that it is doubtful whether either has been entirely solvent at any time since. [To Mr. Stoddard.] I think that is a fact?

Mr. STODDARD. Yes, sir.

The CHAIRMAN. Give the dates when they entered the system.

Mr. LACEY. The Keystone National Bank of Philadelphia entered the system on July 30, 1875, and the Spring Garden National Bank of Philadelphia on March 13, 1886.

Senator PEFFER. Did you state a moment ago that you thought they had never been in a perfectly solvent condition?

Mr. LACEY. That would seem to be indicated from the examination of the experts.

The CHAIRMAN. I will defer asking you questions in detail about those banks until we finish the general examination. Are there any other suggestions you would like to make with reference to this table of national banks which have failed since January 1, 1890?

Mr. LACEY. In this table we give the names and location of the banks, the date of the appointment of a receiver, the amount of capital stock, the amount of gross liabilities, liabilities canceled by offset, the net liabilities, the dividends paid, and the estimated value of remaining assets.

The CHAIRMAN. About how many national banks are there now?

Mr. LACEY. There are about 3,800 national banks in the system.

The CHAIRMAN. And the capital is about how much?

Mr. LACEY. About \$700,000,000 I should say, from recollection.

The CHAIRMAN. Will you state now what are the measures adopted by the Comptroller of the Currency for the examination of banks and for learning the condition of banks under ordinary circumstances and prior to having any special cause for suspicion. What is the regular routine of investigation made under the direction of the Comptroller?

Mr. LACEY. A national banking association having been organized in accordance with law and a certificate issued authorizing it to commence business, the supervision of this bureau begins. It is exercised chiefly through what are known as reports of condition, which are called for by the Comptroller five times in each year for a past date, and through reports of examiners, which are the results of examinations made by persons designated by the Comptroller and approved by the Secretary of the Treasury for the purpose of visiting each association and making a personal examination of its affairs.

The CHAIRMAN. Are the reports, five in number, called for as of a past date, so that the banks do not know what date will be selected for reports?

Mr. LACEY. It is impossible for them to know the date for which the report will be required, as the call is made out by the Comptroller himself and no discussion is had with anybody as to the date that shall be fixed. It is always for a date that is past, so that the report is always unexpected, and, if truthfully made, shows the condition of the bank at a time when no preparation could have been made for such report.

The blank upon which these reports are made has been furnished to the committee. On its face appears a trial balance of the general ledger of the bank. This portion of the report is published in compliance with law in some newspaper published at the place where the bank is located or in a paper published at the nearest point. Upon the back of this report are various schedules which bring out other facts serving to show whether or not the bank is complying with the law, so far as its limitations and restrictions are concerned.

The CHAIRMAN. Those forms are clearly indicated, are they not, in some of the reports of the Maverick Bank, which have already been furnished by Mr. Stoddard to the committee by your direction?

Mr. LACEY. I think there are nine reports of the condition of the Maverick National Bank of Boston, certified copies of which have been furnished to this committee.

The CHAIRMAN. Are those forms the same as those used when you came into the office?

Mr. LACEY. The face is substantially the same; the schedules have been changed. More detail is now required in the way of schedules than when I came into the office.

The aim has been by those schedules to ascertain whether or not the law is completely complied with by the association. It must be shown what amount of the paper was properly classified as bad debts, what amount of paper was overdue, and what amount of paper consisted of liabilities of directors of the association.

We also require them to classify the loans, stating the amounts loaned on demand with one or more individual or firm names; on demand secured by stocks, bonds, and other personal securities; on time with two or more individual or firm names; on time, single-name paper (one person or firm) without other security; on time, secured by stocks, bonds, and other personal securities; on time, on mortgages or other real estate securities.

We also require them to give a list of all loans which exceed the limit prescribed by section 5200 of the Revised Statutes; also a description of all stocks and bonds held by the bank, with their book value and their estimated market value; also, all balances due from or to approved reserve agents; a description of their checks and other cash items; the average reserve for the past thirty days, and the highest rate of interest paid upon deposits, re-discounts, or money borrowed; also, the amount of overdrafts, and the amount secured on real estate and mortgages owned, stating the amount at which each loan is carried upon their books, the amount of any prior lien, the estimated cash value of the property, when it was acquired, and for what purpose. The same information is required in regard to loans and discounts secured by real estate.

These schedules cover nearly all the points in relation to which limitations and restrictions are imposed by law. When these reports are received they are distributed among about 15 clerks in the reports

division, who proceed to prove the amounts stated, and see that the report is executed in accordance with law, and then tabulate the results for publication.

Senator DIXON. Are the reports all for the same date?

Mr. LACEY. Yes, sir; for the entire system, and in response to the last call, for the 17th of May, every one of the 3,800 national banks had placed its report on file here, and the result was tabulated for the entire United States, and published in twenty-six days from the date upon which the call was mailed.

These reports are then taken up with great care by the clerks in charge, every infraction of law is noted, and the banks' attention is called thereto by letter, the law is quoted and they are required to conform to it.

In addition to this, various matters which are not in harmony with good banking are called to their attention, although they may not be unlawful.

The CHAIRMAN. State whether or not this force of clerks who examine these bank reports are expected promptly to make drafts of letters on these subjects and have them presented for examination and signature by the Comptroller?

Mr. LACEY. Each clerk prepares letters which are supposed to cover all the items subject to criticism shown in the reports allotted to him. These letters are transmitted to the chief of the division, who reads them carefully, criticises them and puts his initial upon them, and they then go to the Comptroller or the Deputy Comptroller for signature and are then promptly forwarded to the proper bank.

The CHAIRMAN. Are these same clerks expected to call the attention of their superior officers, including the Comptroller, to any unusual fact?

Mr. LACEY. They are required to report any such case to the chief of division, and the chief of division calls it to the attention of the Comptroller. Of course a very serious state of things is very seldom shown by a report of condition.

The CHAIRMAN. The bank's own report of condition?

Mr. LACEY. Yes, sir. Matters of a criminal character are not usually disclosed by reports of condition. Being made by the officers of the bank, they do not usually go to the bottom of things as the report of the examiner does. But in case anything serious is developed, the clerk is directed to report it to the chief of division, who calls it to the attention of the Comptroller.

The CHAIRMAN. This being the ordinary course in reference to the banks' own reports, state how many reports of examination by the bank examiners you have during the year.

Mr. LACEY. There are in all about forty bank examiners. These examiners are selected with great care, and during my administration of the office they have been required to report to this office and to spend several days in the division of reports, under the instruction of the chief of division and of an officer in charge of the reports of examiners.

The CHAIRMAN. To come in person to Washington?

Mr. LACEY. To come in person to Washington. The work of our oldest, best, and most experienced examiners is usually brought to their attention, and they are instructed in the methods adopted by such examiners, and all the instruction is imparted to them that it is possible to give without putting them into the field at work.

I then require them to report to one of my oldest and most experienced

examiners, and place them under his supervision during the examination of a series of banks, usually covering some in cities and others in country places; and when the older examiner is of the opinion that they have mastered the subject sufficiently they are assigned to duty.

Senator DIXON. They examine banks first under the instruction of the older examiner?

Mr. LACEY. They are initiated into the work under an older examiner and usually spend from one to two weeks with him in the actual examination of banks.

The CHAIRMAN. Are they graded and paid according to efficiency?

Mr. LACEY. The pay is fixed by law with the exception of the fees in reserve cities and in certain States and Territories, where the expense of travel and living is excessive. The fees for examinations of interior banks run from \$20 for the smaller banks up to \$75 for the larger, and are regulated by law. The fees in reserve cities are fixed by the Comptroller and approved by the Secretary of the Treasury. This rule also applies to banks in certain Territories and certain States upon the Pacific slope and in the sparsely settled regions, where there are very few banks and where traveling is very expensive. There the compensation is greater than that given to examiners in the older States.

The CHAIRMAN. Are those amounts paid by the bank?

Mr. LACEY. They are assessed by the Comptroller upon each bank, collected by the Comptroller, and remitted by him to the examiner.

The CHAIRMAN. Is there any penalty upon an examiner for receiving money from a bank.

Mr. LACEY. There is no penalty provided for an examiner under any circumstances whatever.

The CHAIRMAN. So that an examiner could not be criminally punished for receiving money from a bank unless in connection with some statutory offense?

Mr. LACEY. Under the national bank act there is no penalty attached to the examiner for receiving money from a bank.

The CHAIRMAN. If an examiner participated in any offense which was punishable under the law, he could be punished; but for the mere act of receiving compensation from the bank, there is no punishment?

Mr. LACEY. That is true. Under our instructions an examiner is forbidden to receive any compensation from a bank for any purpose whatever, except when permitted by this office, and he is forbidden to borrow money of a bank, or to become in anyway under obligation to it.

The CHAIRMAN. Is that by printed regulation?

Mr. LACEY. No, sir; it is by written instructions issued by me.

The CHAIRMAN. Whenever an examiner is appointed?

Mr. LACEY. Yes, sir. Whenever an examiner is appointed, he is furnished with a copy of these instructions, which forbid his coming in anyway whatever under any obligation to a bank or receiving any compensation from it.

Frequently a national bank desires a special examination of its affairs prior to declaring a dividend. In that case the examiner is required to report here and receive our permission, and he receives the compensation that we designate for that service.

The CHAIRMAN. It is remitted by the bank to the Comptroller and by the Comptroller to the examiner?

Mr. LACEY. Ordinarily that is the case. In a few cases we have permitted them to pay direct, where we fixed the amount; but as a rule we require them to pay it to us, and then we pay it to the examiner.

I requested the clerk in charge of examiners to prepare a copy of the instructions issued to examiners.

The letters of instruction are as follows:

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, D. C., _____.

SIR: I inclose herewith a general letter of instructions and copies of special instructions, Nos. 2 and 3, and have caused to be sent to your address the following supplies:

Blanks for making reports to this office.

Handbook for retaining copy thereof, which you should invariably do.

Bills for services rendered.

Large envelopes for transmitting reports.

A copy of the national-bank act.

A copy of telegraph cipher code. (Inclosed herewith.)

Circulars for verifying the correctness of all large debit and credit balances by correspondence with the banks interested.

Small penalty envelopes for transmitting these circulars free of postage, and for their return to you.

The four questions on the third page of the circular are designed to bring out facts which sometimes exist and are not shown by the books. If, however, the books of the bank you examine furnish you the information, you should yourself list the re-discounted paper, securities, etc., and forward the list to the corresponding bank, to be checked and returned to you with an acknowledgment thereof. I mention this because some examiners have construed these questions as relieving them from the labor of furnishing the information when they had it at hand.

In addition to examining the last accounts current from correspondents, you should verify the correctness of all large debit and credit balances by the use of the circular, and briefly state in all your reports that the correctness of all large debit and credit balances has been verified by correspondence.

Examinations must of course be made without notice and as unexpectedly as possible. Please govern yourself accordingly.

No information obtained from this office, or in the banks, in your official capacity, should be communicated to anyone whomsoever, except the Comptroller, Deputy Comptroller, and the clerk in charge of examiner's reports.

The blank for examiner's report contains printed instructions under various topics, which should receive most careful attention, and your reports should embody all the information called for by these instructions, which are amended from time to time, as occasion requires.

In order that the Comptroller may at all times be able to communicate promptly with you by wire or letter, you should arrange to have all official telegrams and letters received at your home address during your absence, forwarded promptly to you by some reliable person. This is highly important.

Please acknowledge the receipt of this letter.

Respectfully, yours,

E. S. LACREY,
Comptroller.

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, D. C., _____.

SIR: The examination of a bank should not end with merely taking off and stating the balances from its books, but should also include as searching an inquiry as possible into the character of its business, the standing and fitness for their positions of the persons, including the directors, to whom the management of the affairs of the association is intrusted, the manner in which its business is usually conducted, whether prudently or otherwise; in short, should include all the information which can be obtained tending to give a correct idea of the extent to which the bank is useful in facilitating the transaction of business by lending money, and discounting paper for legitimate business purposes.

●OVERDRAFTS.

When it is found that overdrafts have been allowed, it should be ascertained whether such is the regular practice, and, if so, to what extent, the reason for allowing such overdrafts, and the length of time they are usually allowed to stand before the accounts are required to be made good, and whether security is required for accommodations of this kind.

OTHER STOCKS AND BONDS.

If stocks or bonds are held, give a detailed schedule of same on the blank provided, and state whether they were purchased as investments or taken to secure debts previously contracted; if interest or dividends are regularly paid, or if they are in default.

The market value of such securities should also be reported when this can be ascertained.

REAL ESTATE AND MORTGAGES OWNED BY THE BANK.

If any title, mortgage, trust, deed, or other lien on real estate held as an asset of the bank, represents property other than its banking house, make schedule of same on blank provided, so as to show fully what it is, when it came into possession of the bank, whether it is held in accordance with the provisions of section 5137, United States Revised Statutes; whether it is worth the amount at which it is carried, and, if not, the probable value.

LOANS ON MORTGAGES AND OTHER REAL ESTATE SECURITY.

All paper, the security for which is based on real estate in any form, should be clearly and fully described in the blank provided, and the examiner should state whether such security was taken to prevent loss upon debts previously contracted, or if it is held as collateral security for contemporaneous loans, purchased as an investment, or otherwise acquired.

EXPENSES, PREMIUMS, CASH ITEMS.

State whether the expenses are in proportion to the amount of business carried on, and how the premium account is made up, when premiums appear among the assets, whether the cash items are legitimate, and if not, of what nature they are.

INTEREST ON DEPOSITS.

State whether interest is paid on deposits, and if so, at what rates, and under what circumstances. When certificates of deposit are issued, if payable on demand by their terms, although interest may be payable at a fixed date, they should be classed as demand certificates.

REDISCOUNTS AND BILLS PAYABLE.

If it is found that the rediscount of notes has been procured or that the bank has liabilities for bills payable, or has borrowed money on open account, or issued certificates of deposit to other banks, secured by collaterals or otherwise, the necessity of procuring funds by any of those means should be inquired into.

LAWFUL MONEY RESERVE.

Always ascertain whether the lawful money reserve of the bank required by section 5191 United States Revised Statutes, has been usually sufficient between the dates of examination, and if found insufficient then or at the time of examination, this fact should be noted.

EXCESSIVE LOANS.

When it is found that the liabilities of any person, company, corporation, or firm, for money borrowed, *including in the liabilities of a company or firm the liabilities of the several members thereof*, exceed one-tenth of the paid-in capital of the bank, in violation of section 5200 United States Revised Statutes, state whether such excessive accommodations are habitually granted, and if not, under what circumstances the violation of law occurred.

STATE AND PRIVATE BANKS AND BANKERS.

If the balances due from private bankers, or banks not organized under the National Bank Act, are large, state whether such balances arise in the regular course of business, and if not, what is the occasion requiring such deposits with other banks and bankers.

OVERDUE PAPER AND BAD DEBTS.

If it is found that any portion of the loan is overdue, state why the notes were not paid at maturity, their condition at the time of examination, and what the prospects of an early settlement of the paper may be; and if any of the notes are technically "bad debts," as defined by section 5204, United States Revised Statutes, state to what extent, if any, they are secured, the probable amount of loss, and any information relative to their ultimate payment which can be ascertained.

PAPER UNSECURED OR PAYABLE ON DEMAND.

The character of unsecured paper, and of such as is payable on demand, should be stated; likewise its condition at the time of the examination.

OFFICERS AND DIRECTORS.

The character and standing of the officers should be ascertained if possible, and the officers to whom the chief management of the business is intrusted should be designated. All violation of law should be pointed out to the managing officers.

State whether the directors have active discount and examining committees, and whether they give the affairs of the bank proper attention, or leave the management to the officers. Report the number of shares held by each, and their liabilities as members of firms or as individuals.

BOOKS AND ACCOUNTS.

State whether the books and accounts are sufficient, and in good form, and especially whether accounts are so kept that accurate reports of the condition of the bank at any past date can be made promptly when called for. Any improvements in the methods of keeping accounts should be suggested in such a way as will likely secure their adoption.

RECORDS.

The records should be examined to determine whether the organization papers, proceedings at meetings of stockholders for the election of directors, and transactions at regular meetings of the board of directors, are duly recorded in proper and permanent form, and whenever it is found necessary, the importance and necessity of having such records as will show the organization of the bank to have been made in due form, elections for directors held in a legal manner, and all discounts, dividends, and other matters relating to the government of the affairs of the association, to have been made or carried out in accordance with the order of the directors, should be pointed out to the proper officers, and omissions remedied during the examination if possible.

Every bank should keep a book for recording all transfers of stock, a stock ledger, showing who are the stockholders at any given time, and the amount of their holding; wherever such records are not kept the fact should be noted in your report, and whenever it is found that it is the practice to sign certificates of stock in blank, the bank should be advised to discontinue this practice, and the fact noted in your report.

LOANS TO OR REDISCOUNTS FOR OTHER BANKS OR BANKERS.

State whether the bank holds certificates of deposit issued by any national or other bank, and ascertain whether such certificates represent money deposited by the bank under examination or money loaned by it; also whether it has rediscounted paper for any other bank or banker, and to what amount.

REPORTS.

The information necessary to a clear understanding of the condition of the bank should be reported as concisely as possible, and reports should be forwarded to this office as soon after examinations are made as practicable.

DETAILS OF EXAMINATION.

The examination of a bank should begin either before the bank has opened for business for the day or at the close of business.

The cash, bills receivable, and debit and credit balances should be verified by the examiner in person.

All information relative to the customary state of the lawful money reserve should be obtained by examining periodical statements of resources and liabilities for some time previous to the examination.

The examiner should obtain his information from the books and records of the bank as far as practicable, and not depend entirely on inquiries made of the officers and employés.

Under the rules of this office not more than one bank can be examined on the same day.

Please acknowledge the receipt of these instructions.

Respectfully yours,

E. S. LACEY,
Comptroller.

SPECIAL INSTRUCTIONS, NO. 2 (OCTOBER, 1891).

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, D. C.,

SIR: Certain facts have been brought to the attention of the Comptroller recently which makes it proper for him to remind examiners of national banks that every debit and credit balance appearing upon the statement of a bank under examination, should be verified by the examiner in person. This especially applies to balances upon individual ledgers, which should be listed, giving the name of the depositor and the amount of his balance. This should be verified by the examiner by checking the list with the balances shown by the individual ledger. These balances should be footed, and the total compared with the balance shown by the deposit account of the general ledger and daily statement of general balances.

The certificate of deposit account should also be verified by the examiner in person, with great care. A list of the certificates outstanding should be prepared, giving the number and amount of each, and the examiner himself should verify this list by the entries upon the deposit register or other books upon which the record is made. If any suspicion is aroused, the register itself should be proved by the stubs of the certificate book. See that all paid certificates are properly canceled and preserved.

This treatment should also be extended to cashiers' checks, due bills, or other forms of obligation issued by the bank or its officers for which the bank is liable.

Great care should be taken to prove the stock ledger. A trial balance should be taken from the stock ledger and verified by the examiner, which should constitute a list of the shareholders at the time of the examination, with the number of shares owned by each. This list should be compared with the payments of dividends made at the last regular dividend day, and, in case any suspicion is aroused or any variation discovered, the stock ledger itself should be proved from the stub book, as in the case of certificates of deposit.

It is also important that the bills in transit and foreign bills, representing items not in the custody of the bank, should be verified. The examiner should be furnished with a list of items, giving date of remittance letter and name of the bank or agent holding the paper. These should be verified by the separate entries of these items as they appear upon the books of the bank and by acknowledgments of receipts on the part of the collecting bank. Items not satisfactorily accounted for should be verified by correspondence.

The examination of a bank should always be entered upon either at the opening or close of the business day. The examiner should promptly take charge of all the cash and assets of the bank, and he should allow nothing to be abstracted from or added to these during the process of verification. The cash should be counted and all other assets verified by the examiner himself before they are returned to the custody of the bank officers.

I have no doubt that the instructions herein contained are in harmony with the course heretofore pursued by you, but recent events have impressed the Comptroller with the fact that it might be wise, out of extra caution, to remind examiners that these safeguards, substantially embodied in former instructions, can not be safely ignored.

Please acknowledge receipt of this letter.

Respectfully yours,

E. S. LACEY,
Comptroller.

SPECIAL INSTRUCTIONS No. 3.

TREASURY DEPARTMENT,
OFFICE OF COMPTROLLER OF THE CURRENCY,
Washington, D. C., January 29, 1892.

SIR: Special instructions No. 2, issued October 17, 1891, are subject to the following modification:

In listing balances upon individual ledgers you will designate the several accounts by ledger page number or number of the account in such a manner as to identify them without entering the name of the individual depositor.

During the year 1892 you are directed to examine each association, as nearly as practicable, a month earlier than the anniversary of its last preceding examination. This applies to annual examinations. You will also anticipate the date upon which semiannual examinations are to be made.

The Comptroller expressly directs that no bank on your list shall be past due for examination during the current year. If from any cause you are prevented from making these examinations when they are due, you will promptly advise the Comptroller, and assistance will be afforded you.

It is deemed desirable that you should not examine any association with which you have at any time been connected as an officer, director, or employé. You will, therefore, advise me, on receipt of this letter, whether any such banks are on your present list. Should any assignment be made hereafter in conflict with this order, you will promptly report it to the Comptroller.

You will decline to receive compensation in any form from any association on your list, or from any officer, director, or employé of such an association on account of services rendered or to be rendered without first reporting the matter to this office and obtaining consent.

You will avoid placing yourself under obligations to any association upon your list by reason of a loan, discount, or other favors, and if any such obligation now exists you will at once inform the Comptroller.

You will immediately examine your retained notes of examinations of banks upon your list and forward to this office a schedule of such banks as in your opinion should be examined more than once in each calendar year.

Certain additions have been made to the cipher code now in use, and a copy thereof is inclosed herewith, which you will make use of after its receipt, returning to this office all copies of the former code sent you.

It is greatly desired by the Comptroller that the examinations for the current year shall be more thorough, complete, and exhaustive than they have been in the past, and your cooperation is invoked, to the end that the service may be in all respects more effective and satisfactory.

Please acknowledge receipt of this by return mail and by wire.

Very respectfully,

E. S. LACEY,
Comptroller.

MR, LACEY. These go into the details of how he shall take charge of the bank and of the various methods adopted. In brief it is this: That the examiner shall, unless otherwise instructed, examine every bank upon his list once in each year. He is not to examine it upon the anniversary of its previous examination. He is to visit the bank without notice, usually at the opening or closing of business. He is to take charge instantly upon entering the bank of all of its cash and of all of its assets, and such as can not be counted and proved immediately are to be sealed up and remain so until he has had time to verify them. He first verifies the cash by actual count. He then takes up the notes, bills, and securities, listing each carefully, footing it, and comparing it with the amount upon the general ledger. As a rule an examiner, who can not be expected to know all the debtors of the bank, is able by examining the paper to distinguish business or commercial paper from accommodation paper. That which is evidently business paper and which does not bear a name that is discredited to his knowledge he usually passes as good, noting those that are of large amounts or which bear the signatures of officers or directors of the bank. That which in his judgment is accommodation paper is laid aside, and he makes careful inquiry of the officers and directors of the bank as to the makers of the

paper, the purpose for which made, and forms as good a judgment as possible as to its value. If necessary he makes inquiries of other people who are acquainted with the credits of the neighborhood or city.

This applies more particularly to the country banks, as the examiners in charge of large cities usually spend their entire time in the cities and become so well acquainted with the paper found in the banks as to pass upon it without very much inquiry.

The examiner, after having counted the cash and listed and verified the notes and bills, takes up the various accounts of the bank and verifies them, so far as possible, proving the amounts shown by the auxiliary books and comparing them with the balances shown by the general ledger. A large amount of overdrafts is noted. Attention is called to the fact that it is a mooted question as to whether or not a national bank can properly buy shares of stock as an investment, and they are advised to dispose of such. If the banking house and furniture and fixtures are carried at more than their actual value, attention is called to that and they are requested to charge off the excess.

The CHAIRMAN. Are all the points which you are now giving contained in the blanks furnished the examiner by your office?

Mr. LACEY. The examiner is furnished with this blank, which I hold in my hand, where all the accounts on the general ledger are displayed. When the amount in each is entered it constitutes a trial balance of the general ledger. Then each classification is taken up under headings prepared, with blanks furnished, and instructions are printed under each heading as to the treatment they shall receive.

The CHAIRMAN. Are they the same as those specified in the letters of instruction already put in the record?

Mr. LACEY. Yes, sir.

The CHAIRMAN. They not only have the letters of instruction, telling them to ascertain these facts, but they have a large blank furnished for that purpose?

Mr. LACEY. They have a large blank with proper headings, with instructions under each heading as to the particular facts to be ascertained with regard to each classification shown upon the general trial balance.

The CHAIRMAN. State whether that blank is the same as that in use when you came into the office.

Mr. LACEY. It has been greatly enlarged and these various classifications have been introduced. They were not in the blank when I came here. It then consisted of a trial balance, with blank leaves added, and the examiner entered a statement of such matters as he thought worthy of attention, without being directed by these classifications and headings and instructions imprinted on the blank itself.

The CHAIRMAN. The forms that are now used are the same as those used for the two returns of the Maverick National Bank already put in the record?

Mr. LACEY. The first report made upon the Maverick National Bank in January, 1891, was not upon this identical blank, but one slightly different. For instance, the recapitulation at the end of the blank was added a few weeks after that first report was made. The second report upon the Maverick National Bank was made upon this identical blank.

The CHAIRMAN. The same as you now have in your hand?

Mr. LACEY. Yes, sir.

The CHAIRMAN. And that, you say, has been revised and enlarged since you came into office?

Mr. LACEY. Several times. Its present form is very complete and

satisfactory and results in our obtaining fuller and more complete information than by those hitherto used.

These various items are taken up and verified as completely as possible. The item "Due from reserve agents" is stated. The examiner writes to each one of these reserve agents and asks him for the balance due the bank under examination at the particular date of his visit. The answers received are preserved in his office, and, if there is any discrepancy between the amount stated by the reserve bank and that claimed by the bank under examination, the attention of the latter is called to it. The same method is pursued in regard to all large bank balances claimed by the bank under examination.

On the other side the amount of capital stock is verified and the stock books are carefully examined. The stock ledger is balanced, and if any discrepancy is discovered the stubs of certificates of stock issued and the transfer books are checked and examined in order to ascertain where the error originated.

The CHAIRMAN. With a view of guarding against any overissue?

Mr. LACEY. Yes, sir. The examiner also ascertains whether stock certificates are signed in blank, and is instructed to sharply criticise this practice upon the part of bank officers.

The amounts due to national banks are carefully listed and compared with the general ledger, and the same course is pursued as to amounts due to other banks and bankers. The individual deposit account is one where great care is required.

The general ledger shows the total amount due to all depositors, and the individual ledger shows the name and balance of each individual depositor. The examiner is required to make a complete list of the balances upon the individual ledger, to foot them, and to verify them by comparison with the total amount stated upon the general ledger.

The same method is adopted with regard to amounts due upon certificates of deposit. The examiner is required to list the number and amount of each outstanding certificate, and this is also required with regard to certified checks and cashiers' checks—in fact, with regard to all items of deposit.

The CHAIRMAN. So as to make certain that the bank does not owe any more than its reports show?

Mr. LACEY. That is the purpose. The general ledger should show the exact amount of the liabilities of the bank and also the amount of its resources.

The examiner verifies the liabilities in amount. He verifies the resources not only in amount but also in value, so as to discover whether impairment or insolvency exists.

One of the purposes of an examination is to give the Comptroller information, in case there is any impairment, upon which to levy an assessment to make good the capital or to appoint a receiver in case insolvency is disclosed.

By an examination of the blank upon which these reports are made, it will be discovered that every item that could possibly be worth less than book value is carefully placed upon this sheet, and instructions are there fully given as to treatment.

After having gone through with all these items a recapitulation is made in which the examiner is required to state all probable losses upon each item.

A blank table is prepared here [indicating], stating the following items of resources: Bad debts; other overdue paper; other loans and discounts; overdrafts; premiums on United States bonds; stocks, se-

curities, claims, etc.; banking house, furniture, and fixtures; other real estate and mortgages; cash items.

In regard to each one of these items the examiner must state the book value, that is, the amount at which it stands on the books of the bank, and the probable loss opposite each; also the total probable loss upon all the resources of the bank. He then states below the surplus fund, the undivided profits, the total of surplus fund and undivided profits, deducting therefrom the current expenses, taxes, etc., showing the net amount of the surplus and profits of the bank.

With this recapitulation before him the Comptroller is able at a glance, if the examiner has done his duty, to tell whether or not any impairment of capital exists or whether insolvency is present.

Senator DIXON. It should show the Comptroller the exact standing of the bank?

Mr. LACEY. Yes, sir.

The CHAIRMAN. As a matter of fact and not as a matter of form.

Mr. LACEY. As a matter of fact and not as a matter of form.

The CHAIRMAN. The inquiries are designed to bring out any weakness in the general statement on the first page?

Mr. LACEY. Yes, sir. It states not only what appears on the first page, but the probable loss upon each item.

Then opposite this recapitulation he makes general remarks as to the condition of the bank; that is, whether it is in a prosperous condition or otherwise, and whether or not there is anything subject to criticism in its management, or in the character or conduct of its officers.

These examinations are made and these reports are filed with the Comptroller once in each year in every case. They are placed in the hands of clerks, specially skilled, who examine them critically and make annotations with pencil upon each item which is considered unlawful or for any reason subject to criticism. Each report then goes to the clerk in charge, who drafts a letter calling the attention of the bank to all matters that are not in accordance with law or not in harmony with the rules of good banking. Every item that involves a loss to the bank is also fully discussed, and proper treatment suggested.

That letter goes to the chief of the reports division, who criticizes it, examines the report, initials the letter, and then forwards it to the Comptroller or deputy for signature. If the matters criticised in the letter are of importance, the report and recapitulation are carefully examined by the Comptroller or the deputy to ascertain whether or not anything of a serious nature exists; and if the letter is not sufficiently full the proper corrections are made, and it is returned to be rewritten, and again transmitted for signature.

In case the report indicates an impairment of capital the letter of criticism calls the attention of the bank officers to the matter, and they are informed that the examiner estimates an impairment, the amount thereof being stated, and that unless the board of directors are able to satisfy the Comptroller that the judgment of the examiner is at fault an assessment will be immediately levied to make good the impairment of capital. In such case they are required to submit the letter to the board of directors, and the reply must bear the signature of each member of the board as well as those of the officers of the bank. If the letter received in reply satisfies the Comptroller that the examiner is at fault, he either withholds the assessment or orders a reëxamination. If it satisfactorily appears that an impairment exists the assessment is made. The bank is notified of the assessment, and the examiner is directed to revisit the bank in three months. If the assessment remains unpaid at the expiration of that time a receiver is usually appointed.

The CHAIRMAN. Mr. Comptroller, you have anticipated somewhat. I wanted you, in the first instance, to confine yourself to the routine when nothing serious is found. Are we to understand that that routine, the routine which you have described, of calling for bank reports of condition, five a year, scrutinizing them carefully and writing letters based upon them, and submitting one examiner's report a year, scrutinizing that and writing letters upon it, is the ordinary supervision and the whole ordinary supervision of the bank that is exercised when there is nothing of a serious nature discovered?

Mr. LACEY. That is the ordinary supervision for banks not in reserve cities. Banks in reserve cities are usually examined twice in each year.

The CHAIRMAN. And the same course pursued?

Mr. LACEY. And the same course pursued. Banks are also required to report their earnings and dividends, which must be filed within ten days after the declaration of a dividend.

The CHAIRMAN. That is routine and is all that is required?

Mr. LACEY. Yes, sir; that is all that is required. The reports of earnings and dividends result chiefly in calling attention of bank officers to the improper declaration of dividends. If we find that they have declared a dividend that they have not earned their attention is called to it and they are required to apply a remedy.

The CHAIRMAN. What else, if anything, besides these things which you have stated, is done by you where a bank is under no suspicion and its reports make it appear solvent and sound and to be doing business in accordance with law?

Mr. LACEY. Unless our attention is called to something in connection with the bank that might involve danger, that covers generally the method of supervision.

The CHAIRMAN. And you and your force of clerks and examiners are engaged in thus supervising these 3,800 banks?

Mr. LACEY. Yes, sir.

The CHAIRMAN. I wish you to state what your statutory powers and duties are in reference to a bank which shows symptoms of going to the bad. You have already stated what you do in the first instance in case a bank has made such losses that its capital is impaired. What do you mean by impairment of capital?

Mr. LACEY. When the ascertained losses exceed the surplus and undivided profits.

The CHAIRMAN. So that the bank would not have money enough left to pay its debts and stockholders 100 cents on a dollar. Then an impairment has taken place?

Mr. LACEY. Yes, sir.

The CHAIRMAN. You have stated what you do in this case. If it is not made up after due notice—

Mr. LACEY. Within three months.

The CHAIRMAN. Such persistent impairment results in the appointment of a receiver, which means the winding up of the bank?

Mr. LACEY. Yes, sir.

The CHAIRMAN. What else can you do?

Mr. LACEY. Sometimes, where the impairment amounts to perhaps the annual dividend of the bank, an assessment is waived, and they are instructed to withhold dividends until the slight impairment is made good. Where the impairment is of greater magnitude than the assessment is promptly made and enforced.

The CHAIRMAN. What else can you do to a bank? I will read from the index to the bank act the cases where a receiver may be appointed:

Receiver appointed for failure to restore diminished capital; for deficiency of surplus in State banks having \$5,000,000 capital; for failure to make reserve good; for failure to select redemption agent or to redeem notes; for failure to sell shares of stock taken for debt; for failure to pay up capital or restore it when impaired; for certifying checks unlawfully; for failure to redeem circulating notes; for violation of law; for refusal to pay judgments; in case of insolvency.

Are there any other cases in which you can appoint a receiver?

Mr. LACEY. There are no other cases that I know of.

The CHAIRMAN. The appointment of a receiver is your ordinary method of stopping a bank?

Mr. LACEY. The moment the condition of the bank is such as to place in jeopardy the interests of its creditors, an examiner is directed to close the bank and to make a careful examination.

The CHAIRMAN. Is that authority exercised under the clause allowing the appointment of a receiver?

Mr. LACEY. It is an authority which precedes the appointment of a receiver.

The CHAIRMAN. Is it specifically authorized by statute?

Mr. LACEY. It is only implied. I am authorized to appoint a receiver whenever I am satisfied that a bank is insolvent. If the capital of the bank becomes badly impaired, but it is a matter of doubt whether the impairment amounts to insolvency, I direct the examiner to close the bank and make a careful examination.

The CHAIRMAN. That is an implied rather than an expressed power?

Mr. LACEY. Yes, sir.

The CHAIRMAN. It is incident to the power of examination?

Mr. LACEY. Yes, sir.

The CHAIRMAN. And you do not consider that you have any right to retain an examiner any considerable length of time on such work. You are either bound to exercise the power of appointing a receiver or else withdraw the examiner and let the bank go on?

Mr. LACEY. Yes, sir; I can not appoint a receiver until I am officially informed through my examiner or am otherwise satisfied that the bank is insolvent, except in the specific cases heretofore mentioned.

The CHAIRMAN. I will read from page 63. The act of June 30, 1876, provides that a national banking association shall be closed up whenever a creditor has obtained a judgment, and it remains unsatisfied for thirty days, or whenever the Comptroller shall become satisfied of the insolvency of the national banking association. That clause is still in force?

Mr. LACEY. Yes, sir. You will discover that the language is "he may appoint a receiver." When there is probability of a bank's insolvency we close it and make this examination called for here, and if the official report shows that the bank is insolvent we appoint a receiver as soon as practicable.

The CHAIRMAN. Prior to the ascertainment of insolvency your right to stop a bank by the appointment of a receiver only exists in the specific cases already mentioned, and it does not exist by reason of an impairment of capital unless there is this persistency in failing to make that impairment good?

Mr. LACEY. Unless they fail to make the impairment good after the three months' notice.

The CHAIRMAN. If that persistency continues even as to any amount of impairment, then the concern may be closed?

Mr. LACEY. Yes, sir. The law says you may appoint a receiver. The Comptroller would not feel authorized to appoint a receiver in case there was a technical failure to make good the capital or the impairment was so slight as to not involve insolvency. Then it would be a matter of discretion with him whether to appoint a receiver or to give the bank further time.

The CHAIRMAN. How do you define insolvency under that clause—as an inability to pay creditors all that is due them?

Mr. LACEY. Yes, sir.

The CHAIRMAN. And not an inability to pay stockholders 100 cents on the dollar?

Mr. LACEY. No, sir; that does not enter into the calculation at all.

The CHAIRMAN. And the authority to protect the stockholders in the amount which they expect they have in the bank is under the power already stated from the index, and only under that?

Mr. LACEY. The only manner in which we protect shareholders is under the several cases enumerated here in the index.

The CHAIRMAN. If the stockholders make up the impairment of capital they have a right to continue the bank, and the Comptroller can not stop them, however much he may disapprove of their general methods of doing business?

Mr. LACEY. No, sir; he can not appoint a receiver, no matter what the character of the officers may be or how unworthy of confidence.

The CHAIRMAN. Nor can he appoint a receiver and close a bank merely on account of crimes committed by the officers. He can not close the bank; he can cause them to be prosecuted?

Mr. LACEY. He is not charged with the prosecution of criminals. But the rule is, whenever an examiner discovers a criminal violation of law he is to inform the United States district attorney and to place himself a willing witness in his hands.

The CHAIRMAN. Those crimes, as such, have no special reference to closing the bank?

Mr. LACEY. Not at all.

The CHAIRMAN. The bank may be closed or kept on foot according as it is or is not able to pay its debts or according as its stockholders do or do not keep the capital good?

Mr. LACEY. Those are the several distinct circumstances under which I can appoint a receiver.

The CHAIRMAN. Banks are required before declaring a dividend to carry a certain amount to surplus, are they not?

Mr. LACEY. Yes; one-tenth of their net earnings for the preceding six months, until the surplus equals 20 per cent of the capital of the bank.

The CHAIRMAN. That 20 per cent of surplus is not under the protection of the Comptroller, except that he may prohibit dividends?

Mr. LACEY. Until that amount is accumulated.

The CHAIRMAN. If the surplus is impaired, what then?

Mr. LACEY. Commence again, laying aside 10 per cent of the net earnings for the preceding six months.

The CHAIRMAN. The Comptroller can not compel a restoration?

Mr. LACEY. He can only require them to lay aside 10 per cent of their net earnings.

The CHAIRMAN. So that, except so far as dividends are concerned, the directors of a bank can exhaust the surplus?

Mr. LACEY. They can exhaust all in excess of 20 per cent of the capital, and in case of loss exceeding the undivided profits they can

also charge such loss against the surplus, even though the latter is less than 20 per cent of the capital.

The CHAIRMAN. And still the bank can go on?

Mr. LACEY. Yes, sir.

The CHAIRMAN. The Comptroller can do nothing to a bank for using up its surplus?

Mr. LACEY. No, sir; although it would be unlawful to divide the required surplus, they can use it to charge off losses, and they can not be properly criticised for it if at each dividend period they lay aside 10 per cent of the net earnings to replenish it.

The CHAIRMAN. Then we are to understand that the great point in reference to the action of the Comptroller in connection with a bank is whether or not it is a solvent bank?

Mr. LACEY. The chief purpose of the Comptroller under the law is to maintain the capital of each bank unimpaired and maintain its solvency. The surplus fund is important as a guarantee fund to provide for extraordinary losses, and the exhaustion of the surplus fund would not make a case where the Comptroller could either levy an assessment or close the bank.

I have stated that the ordinary practice is to examine banks once a year and in reserve cities to examine them twice a year. We have what we call a special list. Any bank which is habitually badly managed, whose officers are under a cloud, or whose condition is reported as critical, we put upon that special list for examination once in four months, perhaps, or six months, as the case may be; and so we increase the number of examinations in proportion to the amount of danger developed.

The CHAIRMAN. Until the bank establishes its reputation again?

Mr. LACEY. Until it reinstates itself in the confidence of the office.

The CHAIRMAN. Having reference to a case where a bank has failed, where the Comptroller has been criticised for not sooner placing the bank in the hands of a receiver, it is to be inferred that in all such cases the Comptroller failed to act because he could not see that the bank was insolvent or because he thought he saw that the bank was not insolvent?

Mr. LACEY. Most certainly. As far as I am concerned I have never hesitated a moment in any case to close any bank that I was satisfied was insolvent.

The CHAIRMAN. But frequently the Comptroller is obliged to stand still and see the capital of a bank largely impaired before he can close it on account of impairment as long as the assets, according to the examiner's reports, show that it can pay its debts?

Mr. LACEY. If the examiner's reports show that it can pay its debts, and if the capital remaining intact in accordance with the report of the examiner equals the minimum of capital which the law requires in a given place, then it might not be the duty of the Comptroller to close it. For instance, the law says that a bank may be organized in a place of less than 6,000 inhabitants with \$50,000 capital. If a bank in a place of that kind had remaining of its capital \$50,000 in absolutely good assets over and above its liabilities, I might not consider it my duty to close it.

The CHAIRMAN. Notwithstanding the fact that the nominal capital might be \$200,000?

Mr. LACEY. Say \$100,000. I might do it, but I should not consider it an absolute necessity.

The CHAIRMAN. Is not that statement in conflict with the statement

you have already made, that where there is an impairment of capital you require them to make it good?

Mr. LACEY. If I make an assessment and they refrain from making it up, that is another case.

The CHAIRMAN. But you refrain from making an assessment?

Mr. LACEY. No, sir; I should not under those circumstances.

The CHAIRMAN. If a bank has a capital of \$200,000 and has used up \$150,000, do you let that bank do business without making an assessment, so long as it has \$50,000 belonging to its stockholders?

Mr. LACEY. I should hardly want to take so strong a case as that as an example. I am only speaking about what would be some guide in determining as to when insolvency would take place. If the law contemplates that \$50,000 capital is sufficient in a given place, then it would be fair to presume that with that amount of capital remaining intact a bank would not be insolvent.

The CHAIRMAN. And you would let the bank go on?

Mr. LACEY. I should make the assessment.

The CHAIRMAN. If the stockholders of that bank were kept in ignorance of the impairment of its capital, then the case would be a bad one, would it not?

Mr. LACEY. I am only putting that as an extreme case. I do not remember any case that would come within the lines that you have indicated. But that constitutes one of the landmarks by which I am guided.

The CHAIRMAN. Let us turn to the law with reference to the impairment of capital and see whether it is compulsory.

Mr. LACEY. No, it is not compulsory. On page 29 you will find section 5205, which I will read:

SEC. 5205. Every association which shall have failed to pay up its capital stock, as required by law, and every association whose capital stock shall have become impaired by losses or otherwise, shall, within three months after receiving notice thereof from the Comptroller of the Currency, pay the deficiency in the capital stock, by assessment upon the shareholders pro rata for the amount of capital stock held by each; and the Treasurer of the United States shall withhold the interest upon all bonds held by him in trust for any such association, upon notification from the Comptroller of the Currency, until otherwise notified by him. If any such association shall fail to pay up its capital stock, and shall refuse to go into liquidation, as provided by law, for three months after receiving notice from the Comptroller, a receiver may be appointed to close up the business of the association, according to the provisions of section fifty-two hundred and thirty-four.

The CHAIRMAN. Then it is very clear that unless the bank reduces its capital, which I suppose it may with the permission of the Comptroller, it is the duty of the Comptroller to require the impairment to be made up?

Mr. LACEY. Invariably we do that, and invariably we make an assessment, unless the impairment be so insignificant as to merely require the passing of a dividend. I should not consider it insolvent and appoint a receiver in such a case unless the impairment amounted to insolvency.

The CHAIRMAN. Can you make any other statement that would be of interest in reference to the cases in which a receiver may be appointed, showing the power of the Comptroller over a bank whose assets are impaired? In the index there is this statement:

Receiver appointed, for violation of law, 63.

Mr. LACEY. That is not well indexed. That is the section I read, on page 63. You will see that section requires that the violation of law shall have been adjudicated and the franchise of the bank declared forfeited before I can appoint a receiver.

The CHAIRMAN. For an unpaid judgment?

Mr. LACEY. No (reading).

Whenever any national banking association shall be dissolved and its rights, privileges, and franchise declared forfeited, as prescribed in section 5239 of the Revised Statutes of the United States:

Then I can appoint a receiver. That dissolution would take place by reason of an action brought.

The CHAIRMAN. There are three cases—when a bank is dissolved, or when it fails to pay a judgment, or whenever the Comptroller shall become satisfied of its insolvency?

Mr. LACEY. I can not appoint a receiver because of violation of law until that violation of law is adjudicated by the courts and the franchise of the bank is forfeited.

The CHAIRMAN. Is section 5239 of the Revised Statutes in this compilation; and, if so, on what page?

Mr. LACEY. On page 39.

The CHAIRMAN. Section 5239 provides for a judicial forfeiture of the charter of a bank for any knowing violation of the national banking act by its directors, and in that case there is an individual liability of the directors to stockholders or other persons injured. I suppose that section is very rarely resorted to?

Mr. LACEY. It has never been resorted to in the case of an active bank. It has only been availed of in the case of insolvent banks for the purpose of facilitating the bringing of suits against directors to recover damages for the benefit of shareholders and creditors. And it is only under the operation of that section that I can appoint a receiver for violations of the law.

The CHAIRMAN. I think you have stated pretty clearly the power of the Comptroller over banks for acts committed which are not crimes. Now I wish to ask you about crimes.

Mr. LACEY. I would like to say a word. You asked me about protection to the shareholders. The theory of the law and the practice of the office seems to be based upon the hypothesis that the shareholders of the bank are chargeable with the acts of their agents, to wit, the directors, whom they elect, and that they have their remedy by changing the management whenever it is unsatisfactory, and that they may demand an exhibit of the affairs of the bank and apply the proper remedies at any annual meeting by removing those who are guilty of mismanagement. So it has appeared that the work of this office was especially directed to seeing that the law was complied with, and that the interests of the creditors were not placed in jeopardy, and as soon as creditors are paid off the assets of an insolvent bank are turned over to an agent selected by the shareholders and distributed by that agent to the various stockholders. In other words, that this office is chiefly charged with protecting the interests of the creditors, leaving the shareholders to protect themselves through the power conferred upon them to elect their own directors and to thus correct abuses of management.

The CHAIRMAN. Do you not think that the shareholders, quite as much as the creditors, rely upon governmental supervision for their protection?

Mr. LACEY. I think the shareholders rely altogether too much upon governmental supervision, that they pay too little attention to the affairs of the bank, and trust too implicitly in the management of the directors whom they elect.

The CHAIRMAN. Do you not think a shareholder in a bank has just as

much right to integrity and to fidelity on the part of United States officers engaged in supervising banks as has a creditor? I do not mean a holder of circulating notes, but a depositor?

Mr. LACEY. I think the supervision provided by the national banking act was chiefly designed for the protection of creditors who can not have any voice in the management, and that the protection to shareholders is in a certain sense incidental.

The CHAIRMAN. The shareholders in a bank are invited to place their money in it on the faith of a national law creating it with national supervision, with the Comptroller of the Currency and his subordinates charged with the duty of preventing any waste of assets. I myself am unable to see any less right to have the law obeyed in the stockholders than in the depositors. These laws to prevent insolvency are in the interest of the stockholders as much as in the interest of the creditor.

Mr. LACEY. I can not agree with you that they are as much in the interest of the one as the other.

The CHAIRMAN. They are not as much in the interest of the stockholder as the creditor, in this respect, that a creditor has a preference over the shareholder, but subject to that preference of the depositor or creditor over the shareholder, the shareholder has just as much right to have the laws obeyed.

Mr. LACEY. Most certainly. Every citizen can demand that the laws shall be obeyed.

This is true, it seems to me, that the shareholders are the proprietors; that they elect their directors, who are simply their agents, and that the law seems to be based upon the hypothesis that when these shareholders, through their agents, are false to their trust and place in jeopardy the interest of creditors, that then the agency erected by the General Government shall step in, take charge of the bank's assets, and levy a penalty upon these shareholders and proprietors on account of the mismanagement that has brought loss upon the bank, wasted its capital, and thus impaired the security of the creditors.

Whenever the directors allow such mismanagement as that the capital becomes impaired, you assess upon the shareholders the loss, and they must make it good for the benefit of the creditors. When that mismanagement arrives at such a point as to involve insolvency and bankruptcy, and places in jeopardy the interests of the creditors who have no power to protect themselves, then the agency erected by the Government takes charge and proceeds with the liquidation of the assets, paying the creditors what is due them, so far as possible, and returning to the shareholders whatever remains.

If those agents are guilty of any neglect of duty, certainly they are properly chargeable with dereliction, either by the shareholder or any other citizen; but the theory of the law seems to be that this agency is created chiefly for the protection of the creditors and incidentally only for the protection of shareholders.

The CHAIRMAN. I do not read the law in that way. A man deposits his money, and he is a creditor. The shareholder puts in \$100 as capital, and under the statute he is liable for \$100 more. Now, those are the respective risks run by the creditor and stockholder; but subject to these risks, the right to such protection from loss as the national currency acts give, is just as much the right and privilege of the shareholder as of the depositor, it seems to me. However, that is a matter of theory.

I ask your attention to the crimes and misdemeanor act. That is chapter 8, section 5187, to be found on page 43. The principal clause

punishing officers of banks or other persons for fraudulent dealing with assets is section 5209.

Mr. LACEY. That is the principal section. There are four other sections that refer to criminal violations of law, one on page 43, section 5187—

The CHAIRMAN. For issuing circulating notes illegally?

Mr. LACEY. Yes, sir; it is for unlawfully countersigning or delivering.

The CHAIRMAN. By an officer of the bank?

Mr. LACEY. Yes, sir; and section 5207, on the same page, which imposes a penalty for offering or receiving United States or national bank notes as security.

The CHAIRMAN. What others?

Mr. LACEY. Then section 5209, which provides a penalty for embezzlement, abstracting, or wilfully misapplying any of the moneys or credits of the association.

The CHAIRMAN. Making false entries?

Mr. LACEY. (Reading.)

Or who, without authority from the directors, issues or puts in circulation any of the notes of the association; or who, without such authority, issues or puts forth any certificate of deposit, draws any order or bill of exchange, makes any acceptance, assigns any note, bond, draft, bill of exchange, mortgage, judgment, or decree; or who makes any false entry in any book, report, or statement of the association, with intent, in either case, to injure or defraud the association or any other company, body politic or corporate, or any individual person, or to deceive any officer of the association, or any agent appointed to examine the affairs of any such association; and every person who with like intent aids or abets any officer, clerk, or agent in any violation of this section, etc.

Take section 5437, on page 46, for unlawfully putting in circulation the notes, drafts, etc., of a closed association.

The CHAIRMAN. Generally, every one of these sections relates to a criminal offense?

Mr. LACEY. I am not talking now of counterfeiting, but of the management of the bank. Section 5497, on page 47, prohibits the receiving of public moneys on deposit except in certain cases.

The CHAIRMAN. By way of loans or for any illegal purpose.

Mr. LACEY. These five sections, and section 13 of the act of July 12, 1882, on page 73, which makes it a misdemeanor to certify a check where the funds are not to the credit of the drawer, are the only ones in point.

The CHAIRMAN. Are there any others you wish specially to call attention to?

Mr. LACEY. No others.

The CHAIRMAN. Your report for 1891 contains a digest of national bank cases. Is it supposed to contain most of the legal decisions in connection with national banks?

Mr. LACEY. They are mostly the decisions of courts of last resort affecting the administration of the affairs of the Bureau.

The CHAIRMAN. It is supposed to be brought down to the date of your report, and to contain all important decisions?

Mr. LACEY. Yes, sir; so far as they have been called to the attention of the Bureau.

The CHAIRMAN. What recent recommendations have you made, if any, with reference to the greater security of the banking system?

Mr. LACEY. In the article which will go into the record from the North American Review I have stated certain amendments to the law which I think would conduce to the safety of the system. In addition

to those, I have collated from my three annual reports six amendments, which I suggested and which might be of value. They are as follows:

(1) Liabilities of officers and directors, both direct and indirect, should be subject to proper limitations.

The principal limitation as to loans and discounts is found in section 5200 of the Revised Statutes of the United States, which reads as follows:

The total liabilities to any association, of any person, or of any company, corporation, or firm, for money borrowed, including in the liabilities of a company or firm the liabilities of the several members thereof, shall at no time exceed one-tenth part of the amount of the capital stock of such association actually paid in. But the discount of bills of exchange drawn in good faith against actually existing values, and the discount of commercial or business paper actually owned by the person negotiating the same, shall not be considered as money borrowed.

This limitation is found to be wholesome in its general application, but recent events indicate that additional safeguards are needed.

In my opinion some limitation should be placed upon the amount of commercial or business paper which may be discounted by an association for any person, company, corporation, or firm, and a similar restriction should be placed upon indirect liabilities resulting from guaranty or indorsement. If it is deemed necessary to limit direct loans to 10 per cent of the capital paid in it would for the same reason follow that indirect liabilities should be subject to some limitation. Just what the extent of the restrictions should be is not so easily determined, but, in my judgment, the direct and indirect liabilities, in the case of a director, should not exceed 20 per cent of the capital paid in.

The active officers of the bank, who are charged with the custody of its assets and the handling of its funds, should not, in my opinion, be permitted to appear as borrowers or become in anyway liable to the association with which they are connected. While this might work hardship in exceptional cases it would without doubt add greatly to the security of the creditors of the banks as a whole. It would be unwise to forbid an association to loan or discount for its several directors, as they are usually selected from among the leading men in the various branches of business, for the reason that they possess information which is of great value in passing upon paper offered by those engaged in the same line of trade with themselves.

There seems to be no serious objection, however, to placing some limit upon their indirect as well as direct liabilities. The Comptroller, therefore, takes this opportunity to recommend that the active officers of a bank be excluded from incurring liabilities to the association with which they are connected, and that the direct and indirect liabilities of a director be confined to 20 per cent of the paid-up capital, leaving the limitations contained in section 5200, United States Revised Statutes, intact. (Report 1891, p. 31.)

(2) Limitations upon loans imposed by section 5200, United States Revised Statutes, should be based upon the amount of capital and surplus in certain cases.

Section 5200, Revised Statutes of the United States, above quoted, provides that the total liabilities to any association of any person, or of any company, corporation, or firm, for money borrowed shall at no time exceed one-tenth part of the amount of the capital stock of such association actually paid in.

This restriction is a salutary one as applied to the majority of banks, and especially those in the smaller cities and villages, where very little commercial or business paper is offered for discount, and a large part

of a bank's funds is employed in direct loans or invested in some form of accommodation paper. The anxiety to employ idle money and the importunities of local borrowers frequently lead bank officers to make excessive loans to certain favored customers, thereby incurring increased risk and doing a wrong to the regular customers of the bank, whose interests are subserved by an equitable and proper distribution. The limitations of the law can here be invoked, and the importunate borrower refused without offense.

In the larger cities, and especially at those points where grain and other products are largely marketed and stored, this restriction has proven irksome and unprofitable.

In the judgment of the Comptroller an amendment to the law should be made which would base the present 10 per cent limit upon capital and surplus. This should apply to all banks, and should be accompanied by a provision preventing an association from withdrawing any part of its surplus except upon approval of the Comptroller. In reserve cities this limit might be extended to 20 per cent of capital and surplus, provided that every loan in excess of the 10 per cent limit be authorized by action of the board of directors, duly recorded, and upon security of receipts for grain, cotton, or other staple products, issued by responsible warehouse and elevator companies.

The 20 per cent limit might also be made to apply to loans secured by marketable bonds of the highest grade, to be selected by some competent supervisory agency. Loans upon United States bonds need no limitation.

It is claimed that loans in excess of the present limit are frequently unavoidable, and it is well known that in many cases careful and conservative bankers feel obliged to directly or indirectly ignore this provision of the law. All necessity for a course which tends toward the weakening of respect for all legal enactments should be done away with, so long as such a change is consistent with successful bank management. (Report of 1889, p. 53.)

(3) Suitable penalties should be provided for every disobedience of law.

The Comptroller also desires to call attention to the fact that no suitable penalty is provided by law for violations of section 5200, United States Revised Statutes.

Aside from the power to bring suit for forfeiture of franchise under the general provisions of law laying the groundwork for enforcing the liability of directors, the Comptroller is without the power to enforce obedience to the limitations of the section quoted. The remedy provided is so severe as to make it entirely useless, no Comptroller having ever brought suit to forfeit the franchise of an active bank. The reason for this is obvious, as such a proceeding would destroy the bank, thereby greatly aggravating instead of affording a remedy for the evil complained of. The Comptroller should be empowered by law to inflict such a penalty, by way of fine or assessment, as would make excessive loans highly unprofitable, and yet not so severe as to prevent its being promptly and invariably imposed in every case brought to his notice. (Report 1891, p. 32.)

Similar penalties might also be provided for other unlawful acts.

(4) Section 5220, United States Revised Statutes, provides that "any association may go into liquidation and be closed by the vote of its shareholders owning two-thirds of its stock," the approval of the Comptroller of the Currency not being a prerequisite.

In my opinion (a) the Comptroller should be authorized to cause a

special examination of a bank upon receiving notice of its desire to go into voluntary liquidation and should have authority to withhold his approval of voluntary liquidation whenever, in his judgment, the bank is not in a solvent condition, and able to pay its creditors and depositors within a specified period of time.

(b) A certain and limited period of time should be fixed within which all creditors must be satisfied, in default of such satisfaction a receiver to be appointed in the discretion of the Comptroller.

(c) Reports of condition under oath should be sent to the Comptroller as often as he may require, until depositors and creditors are satisfied in full, notice of which should also be sent to the Comptroller under oath.

(d) The Comptroller should be authorized to appoint a receiver at any time before the claims of depositors and creditors are satisfied upon application of creditors, or stockholders who are also creditors, if after an examination the interests of depositors and creditors in his judgment demand such action.

(e) The Comptroller should have the same power to require reports and make examinations as in the case of active banks.

(5) Sundry amendments are needed to the act of June 30, 1876, which provides (among other things) that the shareholders of an insolvent bank may elect an agent to distribute any assets remaining after all claimants have been paid in full. A full discussion of this matter will be found in my annual report for the year 1890, at pages 59-62, to which the committee is respectfully referred.

(6) Skillful, faithful, and incorruptible examiners are absolutely necessary to the highest degree of success.

The Comptroller feels the need continually of one or more supervising examiners of approved skill and unquestioned integrity who might visit the various examiners in the field and bring the work into greater uniformity and in many ways increase its efficiency. Although the instructions are explicit and the blanks so arranged as to constantly remind these officers of what a complete examination should consist, yet the Comptroller can not always feel assured that these are fully understood and faithfully obeyed. And, again, when failures multiply and exigencies arise making extra precautions necessary, the services of one or more conspicuously capable examiners who are not permanently assigned to any particular district would be invaluable.

The Comptroller also calls attention to the fact that assistant examiners are needed in all the large cities, and that no such office now exists.

He therefore recommends that the law be so amended as to provide for the appointment of not more than three supervising examiners, who shall receive an annual salary to be paid from the public funds; that the Comptroller be empowered to appoint as many assistant examiners as may in his judgment be necessary, to be paid such compensation as may be fixed by the Comptroller from the fees of the examiners by whom they are employed.

That each supervising examiner, examiner, and assistant examiner be required to take an oath before entering upon the discharge of his duties, and also to give bonds in such amount and with such sureties as may be satisfactory to the Comptroller. (Report 1891, p. 29.)

The CHAIRMAN. The first recommendation you make is that there should be a change in the law so that the liabilities of officers and directors should be limited. The present law limiting loans, as we understand, is that no individual, whether an officer of a bank or an outsider, shall borrow at one time more than 10 per cent of the capital, but there is no penalty for such excessive loans.

Mr. LACEY. There is no penalty imposed by law for such a loan.

The CHAIRMAN. Will you state what you do in such cases when the returns of the bank and the bank examiner's report show you there are such excessive loans either to outside parties or to officers of the bank?

Mr. LACEY. We immediately write to the officers of the bank calling their attention to the excessive loan, and quoting the law which forbids making loans greater than 10 per cent of capital to any one person, firm, or corporation.

The CHAIRMAN. What do you instruct them to do?

Mr. LACEY. To reduce it to the lawful limit.

The CHAIRMAN. What do the banks say?

Mr. LACEY. They usually reply that the letter has been received, and that the instructions shall be complied with. That is the usual form.

The CHAIRMAN. You understand that is all the power you have under the law?

Mr. LACEY. That is the only power we have in the matter, except the general power that we may institute a suit in chancery to forfeit the franchise.

The CHAIRMAN. Which has never been resorted to?

Mr. LACEY. Which has never been resorted to.

The CHAIRMAN. Has there been any controversy as to whether this right to loan 10 per cent extends not only to capital but to the surplus of the bank.

Mr. LACEY. Many of the banks in the system reply to criticisms of that sort that they are advised by their attorneys that the limitation should be based upon the capital and surplus combined; that that is their opinion of the law, and some of them go so far as to hold that former Comptrollers have permitted it.

The CHAIRMAN. Does the present administration of the Treasury Department or of the Bureau of Currency give any countenance to that notion?

Mr. LACEY. No, sir; we hold that it covers the capital only.

The CHAIRMAN. In practice you notify them that they must reduce these excessive loans, and they reply that they will do so, and if they do not, you notify them again?

Mr. LACEY. We keep notifying them until an impairment of capital ensues or there is some infraction of law, which would authorize the appointment of a receiver, and then we apply that remedy if its necessity is indicated by the conditions.

The CHAIRMAN. But as long as the loans are good you can do nothing but write letters?

Mr. LACEY. Yes, sir.

The CHAIRMAN. Is it or is it not demoralizing to the administration of the system to have the Comptroller continually ascertaining that the law has been violated, and continually laboring under an inability to enforce it?

Mr. LACEY. In my judgment it would be conducive to good administration if some reasonable penalty were provided that could be invariably applied to every loan in excess of law. It should be a moderate one, and such a one as would be commensurate with the offense.

The CHAIRMAN. So that, being enforced in every case, it would be so punitive that it would not pay to continue such loans?

Mr. LACEY. Make it a losing business to continue the excessive loans.

The CHAIRMAN. In such an event you would be inclined to allow loans to be made equal to surplus and capital?

Mr. LACEY. My judgment is that it would be safe to permit the 10 per cent limit to go to the extent of capital and surplus, providing, of course, that it is a bona fide surplus.

The CHAIRMAN. You do not believe there should be any prohibition by statute in connection with the national banking system without a suitable penalty to be applied for a violation of the law.

Mr. LACEY. No, sir; every restriction imposed should be accompanied by a penalty, and that a proper one and one commensurate with the offense.

The CHAIRMAN. As a matter of fact can not the most disastrous failures that have taken place be traced as a general proposition to excessive loans to one individual, firm, or association?

Mr. LACEY. They are frequently traced to excessive loans, but more often to evasions of the law which technically do not amount to unlawful loans, but which in reality are unlawful.

The CHAIRMAN. I perhaps did not make my question plain. Without reference to the question whether it is unlawful in form as well as fact, is not the most frequent cause of failure the absorption of the funds of the bank by a few individuals?

Mr. LACEY. Yes, sir; directly or indirectly the loans are excessive.

The CHAIRMAN. That is the great cause of failures?

Mr. LACEY. Yes, sir.

The CHAIRMAN. That is to say, if you could so administer the system that there should be no excessive loans to one individual or one firm or one association of individuals, you would lessen the failures?

Mr. LACEY. Very decidedly.

The CHAIRMAN. Is it not true also that in most cases where this evil is the greatest the excessive loans have been made to officers of the bank?

Mr. LACEY. That is very frequently the case. I could not say it was so in a majority of cases without further investigation, but it is so in a very large number of cases. That leads me to repeat that in my judgment there should be a limitation placed upon the indirect liabilities of persons, firms, and corporations, whether officers or otherwise.

The CHAIRMAN. As well as the direct?

Mr. LACEY. As well as the direct.

The CHAIRMAN. And that being done, and a suitable penalty, not too severe nor too slight, being imposed, you think a very wise reform would be instituted?

Mr. LACEY. I think it would conduce very greatly to the safety of the creditors of national banks.

The CHAIRMAN. Will you be kind enough to state now what have been the most disastrous failures of national banks that you have had occasion to deal with?

Mr. LACEY. Those involving the greatest losses have been the Keystone National Bank, of Philadelphia, the Spring Garden National Bank, of Philadelphia, and the Maverick National Bank, of Boston.

Senator PEPPER. All during 1891.

The CHAIRMAN. In a general way were these failures caused by the absorption of the funds of the banks in large sums by a few individuals?

Mr. LACEY. They were, and very largely by those in the management of the banks in all three cases.

The CHAIRMAN. By officers?

Mr. LACEY. By officers and directors of the associations in each of these three cases.

The CHAIRMAN. Is there any statement that you desire to make in reference to those banks, giving facts in addition to those which have been furnished either to the House Committee or this committee by yourself or Mr. Stoddard or others?

Mr. LACEY. The affairs of the Keystone National Bank have been very fully presented to the House Committee on Banking and Currency, which has been investigating it for the last two or three months. The history of its organization, existence, and final closing has been entered into with great particularity.

The CHAIRMAN. Do you think of any additional facts you wish to call to the attention of the committee?

Mr. LACEY. I do not know that I have anything to add to the information already given upon that subject.

It was a case where, as I said, the banks came into the system in a condition of probable insolvency, with the facts concealed so that they were not ascertained by the examiner and were not brought to the attention of the Comptroller. No report upon any one of these three banks ever disclosed any condition of insolvency prior to the date of their closing.

They were all closed during the year 1891, which was a year of great depression not only in the United States, but in the whole world. The failure of Baring Brothers and the disasters abroad made it impossible for our banks to receive any aid from foreign countries, and caused the sending back of an immense amount of American securities prior to making known the fact that the Baring Brothers were embarrassed. That reduced loanable capital in the great commercial cities to such an extent that the interior banks were unable to rediscount at the great seaboard cities of New York, Philadelphia, and Boston, and a general feeling of distrust pervaded the whole country.

The duty of the Comptroller under such circumstances is a very difficult one. No cast-iron rule can be applied to any bank under a given condition of facts. Much depends upon the ability and the integrity of the officers, upon the condition of the country in which it is located, and upon various conditions which surround it, not only as related to any remedy that might be adopted or any action that might be taken in regard to the particular bank, but as to what effect the closing of that particular bank would have upon the other banks of the system and the general business of the country.

These three banks were brought into a dangerous condition at the most critical point in that year, which was one of the most severe that the country has ever known, and the Maverick Bank especially involved a large number of interior banks. Several hundred interior banks had their reserve on deposit with the Maverick National Bank, and its inopportune or premature closing might have precipitated a general panic in the country. These hundreds of interior banks, unable to secure rediscounts and loans from any of their correspondents, depended upon the cash in their tills to meet the demands caused by any undue excitement which might arise among their own customers, and the closing of the Maverick National Bank at such a time would have been very likely to have caused the failure of many of its correspondent banks, and thus precipitated a general panic in the country.

Hence great care and discretion had to be exercised by the Comptroller in the supervision and conduct of these banks in the cities of Philadelphia and Boston, for during this period of stringency over \$35,000,000 in loan certificates were issued by the clearing-house asso-

ciations of New York, Philadelphia, and Boston for the relief of banks in these several cities.

I deem it due to state this general condition in order that it may be considered in reference to the failures which occurred during the year 1891.

The CHAIRMAN. You do not think, however, that under any possible condition of affairs, either the Keystone or the Spring Garden or the Maverick National Bank was wisely or judiciously managed?

Mr. LACEY. No, sir. The Keystone bank was the most corruptly managed of any institution that I know anything about. It was full of criminality and corruption and misappropriation of funds from its very entrance into the system until its final closing.

The CHAIRMAN. I wish to ask you one question in closing. You are going away from this office in a few days. Are there any facts connected with these three banks known to you which are not of record in the Department, and which can not be shown to the committee by the officers who will remain here?

Mr. LACEY. All the facts that are known to me have been laid before your committee or the committee of the House. Nothing has been withheld of any kind whatever, and all correspondence, both official and unofficial, and of a confidential character has been freely exhibited to both committees.

The CHAIRMAN. Either to the committee of the House or the chairman of this committee?

Mr. LACEY. Yes, sir. Nothing of any character has been withheld.

The CHAIRMAN. And everything the chairman of this committee has indicated as desirable has been furnished?

Mr. LACEY. Yes, sir; everything has been furnished, as I suppose. It was so directed, and Mr. Stoddard has stated upon oath that all documents and papers indicated by the chairman have been verified and placed at your disposal.

The CHAIRMAN. There is only one other point that I wish to examine you about; that is this: Must or must not the lack of knowledge on your part of the condition of the Keystone, Spring Garden, and the Maverick banks down to a late period be attributable to lack of fidelity on the part of the examiners?

Mr. LACEY. I wish to give facts, and I do not wish to characterize the action of anybody. It is very certain that the conditions existing were not officially made known to me by the examiners or made known to me in any way. Whether or not they were deceived must be deduced from the testimony submitted to your committee.

The CHAIRMAN. Would it not be fair to ask you, taking the case of the Keystone and Spring Garden national banks, which were examined by Mr. Drew, and the Maverick National Bank, examined by Mr. Magruder, whether it would have been possible that these men could have been deceived as to the condition of these banks for so long a period prior to the date when they communicated the damaging facts to you?

Mr. LACEY. I should hardly want to answer that question. I would much rather leave it to the committee after examining the records.

The CHAIRMAN. They were subordinates of yours. Your reputation has been brought in question in connection with the failure of these banks inasmuch as they failed under your administration. Very important facts came to your knowledge at a late date. Is it unfair to ask you whether or not these examiners were faithful to their duty?

Mr. LACEY. There are two matters to which I desire to allude in con-

nection with these two examiners. One is that Mr. Drew has not yet been examined by the committee of the House. The expert, Mr. Barrett, who investigated the Keystone and Spring Garden National Banks, has given his testimony in full before the House Committee on Banking and Currency. I understand that Mr. Drew is to be called before that committee for the purpose of explaining matters which need explanation in connection with it. I hardly think it is proper for me to characterize his action until he has been heard. It is sufficient now for me to say that Mr. Drew resigned one year ago at my request.

In the other case, Mr. Magruder was a man very highly esteemed, and during his lifetime was looked upon as a man of integrity and great skill. Mr. Magruder is dead. I certainly hope that you will not insist upon my characterizing his action in the matter under the circumstances.

The CHAIRMAN. I will ask this question then, because I have a right to ask it and I think you ought to give an opinion. Looking at these three bank failures and the condition of the banks for a long time anterior to the failures, in your judgment would the disastrous failures have taken place had the banks been carefully and thoroughly examined in the manner contemplated by the system of examination as you have undertaken to administer it, and would the insolvencies have grown up and the disastrous failures taken place if the system of bank examinations had gone on properly?

Mr. LACEY. I think it was entirely possible to have discovered the insolvency of the Spring Garden and Keystone national banks prior to the time when it was disclosed to this office. I think that very large losses in the Maverick National Bank might have been discovered and reported to this office prior to the time they were disclosed and the bank closed.

The CHAIRMAN. I will not question you further on that point except to ask you this: Whether these three banks would ever have been in the condition that they finally reached if there had been no excessive loans, either direct or indirect, faithful examination by the examiners, and truthful reports made of their condition to the Comptroller?

Mr. LACEY. Under those conditions the losses might have been discovered and insolvency prevented.

The CHAIRMAN. I assume both conditions, because I am trying to get at the trouble with the national banking system. You have expressed an opinion about excessive loans. Now, absent, excessive loans to one individual or a few individuals; present, faithful and honest examinations during the last half dozen years, would these failures have taken place?

Mr. LACEY. Losses to creditors might have been prevented in each case under these conditions.

I may be permitted to say just here that the reports of the examiner of the Maverick National Bank have been laid before your committee, and it will be discovered by looking at them that not even impairment of capital was ever shown by either one of the reports, to say nothing of insolvency.

Senator DIXON. The committee have the last report?

Mr. LACEY. Yes, sir.

The CHAIRMAN. You did not know of these enormous direct and indirect loans to Messrs. French and Potter until January or February of last year?

Mr. LACEY. No, sir.

The CHAIRMAN. Are you willing to express an opinion as to whether Mr. Magruder knew about them before that time?

Mr. LACEY. I can not express an opinion about that.

The CHAIRMAN. Will you look at the list of insolvent banks where receivers have been appointed since February 10, 1890, and state the number of failures in each State?

Mr. LACEY. The list of failures during the years 1890, 1891, and 1892 amounts to 41. Of these there were in Kansas 13, New Jersey 2, Illinois 1, Nebraska 4, North Carolina 2, Washington 1, Pennsylvania 5, Michigan 1, Texas 3, Alabama 1, Florida 1, Massachusetts 1, Wyoming 1, California 1, South Dakota 1, New Mexico 2, and Ohio 1.

Senator DIXON. How many all together?

Mr. LACEY. Forty-one failures in three years.

The CHAIRMAN. Account, if you can, for this large number of failures in Kansas and Nebraska.

Mr. LACEY. The failures in Kansas and Nebraska were largely west of the center line of these States in the region of insufficient rainfall and were largely caused by four successive crop failures in the western part of these two States, aided by the collapse of local real estate booms, as they were called, which were organized for the upbuilding of towns and cities in that locality. These two causes were instrumental in bringing about a majority of the failures.

The CHAIRMAN. Were the banks large in capital?

Mr. LACEY. All small, with very moderate liabilities; and in a majority of cases the management was reasonably good for small banks in interior towns managed by those who were not skilled in banking.

The CHAIRMAN. How disastrous were the failures as far as can be judged?

Mr. LACEY. It should be noticed that of these failures 17 out of the 41 were in the two States of Kansas and Nebraska. I will read the amount of liabilities in the several cases. In Kansas, \$73,000, \$86,000, \$40,000, \$36,000, \$18,000, \$344,000, \$136,000, \$78,000, \$47,000, \$141,000, \$39,000, and \$46,000, leaving off the hundreds. Those amounts cover the 13 banks in the State of Kansas. In the State of Nebraska, \$90,000, \$82,000, \$83,000, \$137,000.

The CHAIRMAN. Do you want to make any other statement about those banks?

Mr. LACEY. The only other prominent failure involving large loss that is upon this list is the California National Bank, of San Diego, Cal., which largely resulted from the same causes that produced the failures of the Spring Garden, Keystone, and Maverick banks: the misappropriation of funds and excessive loans to the officers of the bank. Eliminating these four large banks from the list that I have submitted, the failures are moderate in size and are not particularly disastrous in point of percentage paid claimants.

The CHAIRMAN. In the case of the California bank is any neglect attributable to your examiner?

Mr. LACEY. I do not think so.

The CHAIRMAN. How long had that bank been in operation; when was it started?

Mr. LACEY. December 27, 1887.

The CHAIRMAN. Were not these banks in Kansas and Nebraska short-lived?

Mr. LACEY. No; they were banks that had been in operation most of them for several years.

The CHAIRMAN. What do you think of a system of examination which did not reveal the fact that the Keystone Bank, starting in 1875, and the Spring Garden Bank, entering the system in 1886, were insol-

vent when they entered the system and continued in that condition until disaster and failure came?

Mr. LACEY. I would not want to give an opinion in regard to that without referring to the testimony of the experts. The liabilities of the Keystone Bank were largely understated on the books of the bank, and it resolved itself into a question of expert examination as to whether or not the suppression of the liabilities of the bank was of such a character that the examiner could not reasonably have been expected to ascertain it.

The CHAIRMAN. How long had Mr. Drew been there?

Mr. LACEY. Mr. Drew had been an examiner for about seventeen years and had been in Philadelphia a large part of that time.

The CHAIRMAN. Why do you have any hesitancy in saying, then, that the fact that these banks were insolvent when they went into the system and continued insolvent all the time was owing to the neglect of Mr. Drew?

Mr. LACEY. Because I have not made any personal examination of the books and the records of the bank, and depend entirely upon the testimony of Mr. Barrett. Hence it would be hearsay on my part to make such a statement.

The CHAIRMAN. You believe the banks were insolvent when they went into the system, because you have already said so?

Mr. LACEY. No, I said the testimony of the experts tends to show that the banks were insolvent when they went in.

The CHAIRMAN. You stated it in a way that led to the inference that you thought they were insolvent?

Mr. LACEY. That is the impression made upon my mind by the report of the experts who made the examination.

The CHAIRMAN. Then what of the examiner who had been there seventeen years?

Mr. LACEY. It is true that he did not ascertain the facts and report them to this office.

I wish to say that these three very important failures occurred in the cities of Philadelphia and Boston and that the two examiners in charge of these two districts were both of them in the service when I came here. They had been in the service for many years and were looked upon as two of the very best in the Bureau. The methods of the older examiners, of course, were not so well known to me. There is no fund by which the Comptroller can bring together his examiners. There is no officer by whom he can supervise his examiners, which I think is a serious fault in the system. In my judgment two or three examiners, receiving regular salaries, acting under the direction of the Comptroller, would be of infinite benefit to the system. If I had a supervising examiner whom I could send into the field, spending a week with each examiner, investigating their methods, correcting their delinquencies, and giving them instructions, very good results would follow. And in cases where great amounts are at stake or where favoritism is suspected a supervising examiner could be assigned to duty and an examination made that would certainly be free from any social or business influences that might have grown up between the permanent examiner and the institution under his charge.

I think it is one of the very weak points of the system that no proper supervision of examiners is possible under the present law.

The CHAIRMAN. One remedy could be applied by changing the examiners from place to place.

Mr. LACEY. You could avoid the effect of business and social relations,

but you could not instruct your examiners and have a uniform system adopted by them and be certain that each examiner obeys the instructions received from this office.

Senator PEFFER. How long had this Philadelphia man been sending reports from the Spring Garden and Keystone banks?

Mr. LACEY. These banks, which failed, had been under his supervision every year ever since they entered the system until they were finally closed, and he had examined them twice a year during the entire period.

Senator PEFFER. The same question in reference to the Boston bank?

Mr. LACEY. Mr. Magruder had been in charge of the Boston banks for at least ten years, and had examined them at least once a year, or perhaps twice.

Senator PEFFER. Making reports regularly?

Mr. LACEY. Yes, sir; making reports of their condition.

Senator PEFFER. What did you state was the general character of the management of the Kansas banks which failed?

Mr. LACEY. The management of the smaller banks, located in sparsely-settled communities, is not usually of the highest character. They are usually organized from such material as is at hand, and it is rather the exception than the rule that those in charge of them have had previous banking experience. But in a general way the Kansas banks were managed with reasonable prudence, generally with integrity, sometimes with a lack of skill, but in the majority of cases the losses were in a certain sense providential.

Senator DIXON. Were the Keystone and Spring Garden banks reserve banks?

Mr. LACEY. They were in a reserve city, and were approved whenever applied for as reserve agents for interior banks, although neither one of them held very much in balances due interior banks. The Maverick held a very large amount.

Aside from the losses occasioned by reason of the direct and indirect excessive loans to directors of the Maverick National Bank, it was an exceedingly well managed bank, and the fact that within seven months from the time it closed its doors we have been able to pay the creditors 80 per cent upon their claims and still have a large amount of assets undistributed shows that in the main their loans were well made and their affairs very prudently and well conducted.

The CHAIRMAN. Although there would be 10 per cent on over \$10,000,000—that is, over \$1,000,000 loss—\$400,000 capital and \$800,000 surplus gone.

Mr. LACEY. Yes, sir; that is, provided there is \$1,000,000 loss. The estimate, I believe, is \$800,000 or about that. There was not \$10,000,000 of liabilities; it was slightly over \$8,000,000.

The CHAIRMAN. It is about that sum. The whole capital, \$400,000, and \$800,000 surplus on the books—that is, \$1,200,000—are gone, and it is not expected that it will pay over 90 per cent. Now, with these slight exceptions, the bank was pretty well managed, as you state the case now?

Mr. LACEY. Yes. What I mean to say is that with the exception of these losses that occurred through the directors of the bank, if we had eliminated the fact that they had themselves been excessive borrowers, there would have been comparatively no loss.

The CHAIRMAN. Three of them absorbing among them nearly \$2,000,000.

Mr. LACEY. Nearly \$2,000,000.

The CHAIRMAN. What is the probable result in the case of the Keystone and Spring Garden National Banks as far as can be seen?

Mr. LACEY. It is estimated that the Keystone National Bank will pay its creditors about 37 per cent, and the Spring Garden will pay its creditors about 45 per cent.

The CHAIRMAN. State the capital and the surplus of each which is gone.

Mr. LACEY. The capital of the Keystone was \$500,000 and that of the Spring Garden \$750,000. It is worthy of remark that both of these banks, whose failures are perhaps the most disastrous on record, were organized under the State system, and had apparently been in an almost or quite insolvent condition at the time they were introduced into the national system. The Maverick had also been a State bank.

Senator DIXON. That appeared after their failure?

Mr. LACEY. Yes.

Senator DIXON. Not before?

Mr. LACEY. No, sir. What I mean is they were all three State banks.

The CHAIRMAN. If that be true that seems to put a very distinct imputation upon the national methods of examination. Here is Philadelphia, three hours ride from Washington, so that the banks are right under the eye, so to speak, of the Department, and they had been insolvent all this time and we never found it out until a year ago.

Mr. LACEY. Their being 100 miles from Washington does not really make the Comptroller any more acquainted with their affairs than if they had been further away, because his only source of information is through reports of the examiner.

Senator DIXON. And this was one of the most experienced examiners in the service?

Mr. LACEY. He was looked upon as being the equal of any man in the service.

The CHAIRMAN. Did he or did he not make a return about the Keystone Bank omitting to report \$544,000 of its liabilities?

Mr. LACEY. In his report of January 24, 1891, he omitted to state liabilities of the Keystone National Bank amounting to \$544,851, which amount was in excess of the entire capital of the bank.

The article from the North American Review of February, 1892, referred to in Mr. Lacey's statement, is as follows:

CAN OUR NATIONAL BANKS BE MADE SAFER?

By Hon. EDWARD S. LACEY, *Comptroller of the Currency.*

The national banking system was organized under an act of Congress passed in 1863, upon the recommendation of the Hon. Salmon P. Chase, then Secretary of the Treasury, who chiefly sought to create a market for bonds of the Government and to provide a uniform bank-note currency, national in its character, and amply secured, which would circulate at par in every part of the Union. Two years later (October 2, 1865) 1,513 national banks were in operation, possessing an aggregate capital of \$393,157,206 and \$723,281,252 of deposits. The growth of the system has since been continuous and its success conspicuous. It is worthy of note, however, that the rapid payment of the bonded debt and the consequent high premium commanded by Government bonds have rendered the issue of circulating notes upon pledge of these securities unremunerative, so that this feature of the system, so important when inaugurated, is yearly becoming less so. As banks

of discount and deposit, however, the associations constituting the national system have become indispensable to the commercial and business interests of the country.

On the 25th day of September, 1891, 3,677 national banks were in operation, having in paid-up capital \$677,426,870, and in surplus and undivided profits \$330,861,160, with deposits aggregating \$2,040,633,924. The system has been in operation for nearly twenty-nine years, and during that period has passed through all the vicissitudes of war and peace, adversity and prosperity. It will be pertinent, therefore, to inquire as to the degree of success achieved, before endeavoring to answer the question submitted for consideration. On the 31st of last October 4,648 banks had entered the national system, 164 had become insolvent, and 791 had gone into voluntary liquidation, paying their liabilities in full. The failures were equal, numerically, to about $3\frac{1}{2}$ per cent for a period of twenty-nine years. Of insolvent banks the affairs of 102 had been finally settled, representing \$28,544,992 of proved claims, upon which the creditors have received \$21,172,956, leaving a net loss to depositors of \$7,372,036. The affairs of 62 banks are in process of settlement, representing claims proved to the amount of \$29,247,036, on which has been paid \$17,456,167, leaving assets estimated at \$3,702,925 yet to be distributed, involving a loss to creditors of \$8,087,944. It will be observed that the losses to creditors of national banks during the twenty-nine years of the existence of the system, taking into account the amounts ascertained and the amounts estimated, aggregate \$15,459,980, or an average of \$533,103 per annum. The average amount of the liabilities of all national banks since 1863 approximates \$1,055,434,022, and upon this sum the annual average loss to creditors for the period of twenty-nine years has been only one-twentieth of 1 per cent.

The creditors of banks whose affairs have been finally closed have received, on an average, 74.17 per cent, the cost of administration being 9.28 per cent. Of those closed during the last five years the creditors have received, on an average, 90.65 per cent, the attendant expenses being 4.08 per cent.

In considering the security of national banks, as compared with others, we are embarrassed by the fact that official data are not accessible as to banks other than national. The report of Comptroller of the Currency Knox for 1879, however, contains statistics from partly official sources, showing the failure of 210 State banks during the three years ended January 1, 1879, having liabilities of \$88,440,028, with losses to creditors of \$32,616,661, or an average loss of \$10,872,220 for each of these years. A prominent commercial agency* furnishes a list of 117 institutions, consisting of bankers, brokers, savings-banks, trust companies, and banks other than national, which failed during the year ended June 30, 1891, representing losses to creditors of \$17,477,419, an amount in excess of the total losses of all the banks of the national system for twenty-nine years.

It is worthy of note that under the national-bank act we have what is known as free banking, it being competent for any five reputable persons, acting in good faith, to procure a franchise. While this provision is in harmony with our free institutions and is a necessary feature of any enactment calculated to meet the approval of the public, it nevertheless renders it reasonably certain that the management of these associations will sometimes be committed to persons lacking in experience, and occasionally to those wanting in integrity. Again, banks

* Bradstreet's.

may be organized with a capital of only \$50,000, which facilitates the establishment of associations in places too small to give adequate support, and occasionally tends to promote unhealthy competition. These features may not be conducive to the very highest degree of safety, but they prevent monopoly and enable the general public, even in sparsely settled regions, to enjoy the advantages afforded by well-conducted banks. The growing popularity of the system is an evidence of its conspicuously faithful service. The annual average accessions during the past five years have numbered 213, which is 53 in excess of the annual average for the entire period since the inauguration of the system.

These cover the entire country, new organizations, however, being most numerous in the undeveloped portion west of the Mississippi River. The speculative spirit which has prevailed in that region has not contributed to the safety of these new associations, and the recent reaction has been a potent factor in precipitating the disasters of the year just closed. Nevertheless, the losses recorded above appear inconsiderable when contrasted with the immense volume of business transacted.

In the report of the Comptroller of the Currency for 1891 it is shown that the amount of domestic exchange drawn by all national banks during the year ended June 30 last aggregates \$12,782,212,495. This vast sum represents the transfer of bank credits necessary to simply adjust the balances arising out of trade relations between the various sections of the country. Comptroller Knox, in 1881, and the writer again in 1890, procured reports from all national banks, stating their receipts upon given days, so classified as to show the proportion of actual money which entered into their daily transactions. The facts thus elicited, taking the average of two days in 1881 and two days in 1890, show that only 6.94 per cent of actual money was employed, the remainder being represented by checks, drafts, and other substitutes for money. It appears, therefore, that of the transactions liquidated through these banks, 93.06 per cent is accomplished by the use of bank credits. Further use of data thus obtained enables us to make an intelligent estimate as to the magnitude of the business transacted by these associations. It is shown that the receipts of 3,364 national banks on the 1st day of July, 1890, aggregate \$421,824,726. If we take \$421,000,000 as an average of their daily transactions and multiply this by 307, as the number of business days in the year, it will be found that the total receipts of these banks for a single year aggregate \$129,247,000,000, or a sum greatly in excess of the estimated value of all the real and personal property of Great Britain and the United States combined. If we consider with what economy and safety the immense business thus outlined is transacted, it will be apparent that we have already reached a condition of safety in banking not heretofore realized.

The ideal bank is an institution of absolute security. Although the operations of more than a quarter of a century have demonstrated that associations organized under the national-bank act approximate more nearly than any other to this ideal condition, it may be admitted, without humiliation, that further progress in this direction is attainable. Those whose duty it has been to administer the provisions of the act in question, as they have studied them and watched their application to actual business, have been more and more impressed with the great wisdom of its authors.

In the consideration of measures looking to the greater safety of national banks, it should be borne in mind that 96½ per cent of these as-

sociations have in this respect met the requirements of the most exacting; hence any new restrictions to be imposed should be directed toward preventing loss to the creditors of the remaining $3\frac{1}{2}$ per cent, without imperiling the general success attained. As previously stated, under present conditions no material profit can accrue to national banks by reason of the issue of notes for circulation, and therefore any onerous restrictions might cause many national associations, now successfully and honestly managed, to withdraw from the system and incorporate under the laws of the several States. Similar consideration must be bestowed upon various propositions submitted for greatly increasing the liability of directors for losses which occur under their management. It is well known that bank directors are not salaried officers and that their services are usually rendered gratuitously; hence, in the large cities especially, it is with great difficulty that men of high character and great ability are induced to accept these positions, because of the labor involved, the loss of time, and the grave responsibility. Any enactment that would unnecessarily increase the pecuniary responsibility of the directors and place in jeopardy their private fortunes would no doubt cause the withdrawal from these positions of those most efficient and cause their places to be filled by men in every way their inferiors, thus aggravating, instead of palliating, the evil resulting from the present lack of attention and efficiency on the part of directors. Certainly no radical innovations should be adopted under the pressure of temporary excitement at the risk of destroying the most effective system of which we have any knowledge.

As a general proposition it may be stated that the success of a bank is dependent upon the integrity and ability of its active officers. Neither legal enactments nor official supervision can create these qualities, although the former serve to deter the wrong-doer and the latter to educate the inexperienced. Whatever, therefore, tends to induce greater care in the selection of these officers by boards of directors will enhance the safety of the system. Experience demonstrates, also, that safety is promoted by a proper distribution of shares. In a general way success is jeopardized where the holdings of capital stock are so widely distributed as to prevent the active supervision of intelligent proprietorship or so concentrated in the hands of a few as to make possible selfish or corrupt control. Safety ought to be the paramount consideration in bank management. As a rule this principle is recognized by managers. The exceptions, however, are made so conspicuous by disaster as to give them more prominence than their relative importance warrants. Many dangers menacing these associations are due to mistakes in judgment entirely consistent with complete integrity and the scrupulous observance of legal requirements. Loans are always an accomplished fact before they come to the knowledge of the Comptroller or examiner, and hence serious losses have often become inevitable before official action could be taken. It is obvious that the governmental authorities can not conduct a banking business; they can only inspect and supervise. The national bank act is mainly confined, so far as it relates to the transaction of the business of banking, to the imposition of restrictions, leaving the managers of an association free to act within established limits. So long, therefore, as bank officers are deficient in judgment or integrity failures will occur. That system is best which reduces these disasters to the minimum.

In order that we may more intelligently select the remedies to apply, it will be well to consider the prominent causes of failures and their relative importance, as disclosed by an investigation of the affairs of

national banks which have heretofore become insolvent. These are stated below in the order of their relative importance, which is indicated by percentages:

1. Depreciation of securities.....	27.0
2. Injudicious banking.....	22.7
3. Fraudulent management.....	18.3
4. Defalcation of officers.....	9.0
5. Excessive loans to officers and directors.....	7.1
6. Real estate and real estate loans.....	6.8
7. Excessive loans to customers.....	5.0
8. Failure of large debtors.....	4.1
	100.0

The classifications adopted are necessarily general in their character, but are sufficiently explicit to facilitate the grouping of certain remedies suggested by experience and herewith submitted in outline for consideration.

DEPRECIATION OF SECURITIES.

The law should forbid the purchase by national banks of shares of any incorporated company as an investment, and should require the prompt sale of all shares taken to secure doubtful debts. Investments in bonds issued by such corporations should be subject to the same limitations as to amount as may be applied to direct loans to individuals.

INJUDICIOUS BANKING.

Injudicious banking includes, in a general way, such violations of the rules of good banking as do not involve disobedience of law. The remedy rests with the boards of directors, who should exercise greater care in selecting officers and employ greater diligence in instructing and supervising them.

FRAUDULENT MANAGEMENT.

The presence of fraud taints far too many failures. This indicates the existence of overconfidence on the part of directors and the necessity of more exhaustive examinations. A proper division of duties, occasional changes of desks among employes, and a systematic and thorough audit of the affairs of the bank by expert accountants of known skill and integrity will greatly reduce the losses from this cause.

DEFALCATION OF OFFICERS.

Considering the vast sums handled by and the confidence necessarily reposed in bank officers, defalcations are comparatively rare. The severe condemnation visited by the public upon criminality of this character is the best proof of its infrequency. Crime, like disease, is usually insidious in its development, and often exists for years unsuspected. No panacea in such cases can be provided. It is a significant fact that, aside from cases of accidental discovery or voluntary confession, crimes of this character are almost invariably detected by the bank examiner, whose visits are brief and infrequent, and not by the directors, whose continuous supervision is too frequently superficial and perfunctory. The antecedents, habits, associations, and financial necessities of those who handle bank funds must be patiently investigated by directors who would do their whole duty, and severe discrimi-

nation enforced against those who fail to meet the most exacting requirements. Only unremitting vigilance and unrelenting prosecution of the guilty can be relied upon to limit an evil that can not be entirely eradicated.

EXCESSIVE LOANS TO OFFICERS AND DIRECTORS.

Losses from this source may be largely curtailed by the adoption of an amendment to the present law forbidding the active officers or employes from becoming liable, directly or indirectly, to the bank with which they are connected. The liability of directors also should be, by law, made subject to reasonable limitations as to both loans and discounts, inclusive of indorsements and guarantees for the accommodation of others.

REAL ESTATE AND REAL-ESTATE LOANS.

As original loans upon real estate are forbidden by law, and the purchase of real property confined to such as is taken for debt or purchased for use as a banking-house, it seems clear that losses stated under this head result in the main from securities taken as a last resort to secure doubtful debts originally made upon personal security. It is impossible to wholly prevent losses of this character. In my opinion, however, a limitation should be placed upon the amount which may be lawfully invested in banking-houses, as serious loss and sometimes insolvency result from locking up an undue proportion of the capital in realty, which is thus rendered unavailable at critical periods.

EXCESSIVE LOANS TO CUSTOMERS.

The liability to an association of any person, company, corporation, or firm for money borrowed is now limited by law to one-tenth of the capital paid in. This provision is in the main salutary, as applied to interior banks, but inapplicable to the conditions existing in many reserve cities. Its uniform enforcement is rendered difficult on account of the failure to provide an adequate penalty for its violation. The limitation should be based upon the combined capital and surplus, and made more liberal in reserve cities when applied to loans upon certain lines of first-class securities, including in this category warehouse receipts for staple commodities. This would more fully utilize the very best securities for bank loans and greatly facilitate the periodical movement of farm products so necessary to the general welfare of the entire people. Having properly adjusted these limitations, such reasonable penalty should be provided as would make practicable the uniform enforcement of the law, thereby promoting the safety of the banks and the interests of the general public.

FAILURE OF LARGE DEBTORS.

Under this classification are placed those losses which result from the discount of large lines of commercial and business paper, including bills of exchange drawn against actually existing values, as to which no limitation is now imposed by law. In my opinion, this omission should be supplied, and such bounds put upon transactions of this character as will make imperative a proper distribution of loans and discounts, thus preventing the solvency of a bank from being dependent upon the success or failure of one or more of its chief customers.

Having briefly considered the causes of failure and made such suggestions as seem pertinent, it may be proper to say that the most serious obstacle encountered in all endeavors to promote sound banking has been the inefficiency and inattention of directors. Whatever may be said of the legal aspect of the matter, in the light of recent decisions it is clear that the general public will continue to hold that power and responsibility are inseparable, and that no director can be morally justified in accepting an office and then utterly neglecting to discharge its duties. While it would undoubtedly be unwise to so increase the responsibility of directors as to render it impracticable to secure or retain the services of those most competent, it is nevertheless due to both stockholders and creditors, as well as to directors themselves, that the duties of the office should be by law clearly defined. Vast interests are intrusted to their care, and commensurate responsibility should rest somewhere. No plan for increasing the safety of our banks which permits directors to abdicate their powers while retaining office, and to avoid the responsibility for losses resulting from disobedience of law by pleading ignorance which could only result from the most persistent neglect, can meet the requirements of the situation.

The supervision exercised by the Bureau of the Currency is of very great value in promoting the safety of national banks. Under its direction the organization of an association is properly completed and the capital actually paid in. It is charged, among other things, with the duty of enforcing those provisions of law which require that loans shall be made upon personal security only; that a lawful money reserve shall be maintained; that a surplus fund shall be accumulated; that dividends shall not be declared until earned; that the total liabilities of any person, company, corporation, or firm for money borrowed shall not exceed one-tenth part of the capital paid in; that no association shall make any original loan or discount on the security of the shares of its own capital stock; that no check be certified in excess of the drawer's deposit; that reports of condition be made and published at least five times in each year; that circulating notes be issued and redeemed; that real estate taken for debt be disposed of within five years from date of acquirement; that any impairment of capital be made good by assessment upon shareholders; and that insolvent associations be promptly closed, and their assets converted into money and divided among creditors with diligence and economy. These salutary requirements have the sanction of the highest authority, and the unremitting efforts put forth by the Bureau, through correspondence and otherwise, to insure their enforcement, have largely contributed to the safety for which the system is conspicuous.

In addition to the supervision exercised by means of correspondence, every association is visited at least once in each year by a bank examiner, who has power to make a thorough examination into all its affairs, and, in doing so, to examine any of the officers and agents thereof on oath. He is required to make a full and detailed report of the condition of the association to the Comptroller. This agency is more potent for good than any other at the command of the Comptroller. These examinations have for twenty-nine years been undergoing a process of evolution made necessary by the exigencies of the service, and it is believed that they are to-day more effective than ever before. The ingenuity of unfaithful bank officers is constantly employed in inventing new devices for concealing their unlawful acts. Hence increased vigilance and improved methods are being constantly demanded of examiners. The most valuable service performed by these officers consists in arrest-

ing dangerous and unlawful practices at the threshold. The extent to which the safety of the system is due to this timely interposition is, unfortunately, unknown to the general public. It is to be regretted that only failures can be publicly discussed.

So, also, the grave responsibilities devolved upon the Bureau of the Currency are very imperfectly understood. It is charged with the supervision of nearly 4,000 banks, covering a vast area of country in all stages of development. These associations are managed by persons of all grades of ability and experience, and are exposed to dangers of every type and character. In addition to interpreting and administering the law, a vast school of instruction is conducted. Inexperienced managers are instructed; the careless are warned; the indolent aroused, and the unscrupulous restrained. The best and the worst of bank management are daily passed in review, to the end that the good may be commended and the bad reformed. During years of severe business depression, like the one just closed, the financial disasters of a continent are epitomized in its correspondence and reports. The efficiency with which it has met these exigencies can be safely left to the decision of those who intelligently and dispassionately investigate recorded results.

It will be observed that the measures suggested as necessary to a greater degree of safety on the part of our national banks are neither numerous nor radical. The system has long since passed the experimental stage, and, despite ephemeral and injudicious criticism, it to-day stands firmly established in public confidence, and recognized as indisputably superior to any hitherto known.

In closing, it may be said that its safety will be best promoted by adhering with increased fidelity to those sound principles which experience has approved, and which of necessity underlie all true success. To a marked degree these salutary maxims are found embodied in the law governing the national system. Local and exceptional conditions have made minor amendments desirable; yet, taken all in all, it has proved admirably adapted to the changed conditions developed by the experience of a quarter of a century, and well suited to the wants of the inhabitants of widely-separated States, living under varied social conditions, with customs as dissimilar as climatic and race conditions can produce upon this continent.

EDWARD S. LACEY.

At 10 o'clock p. m. the committee adjourned.

WASHINGTON, D. C., *July 11, 1892.*

The committee met at 10:30 o'clock a. m., at the office of the Comptroller of the Currency, Treasury Department.

Present, Senators Chandler (chairman), Peffer, and Carlisle.

Messrs. Harris and McPherson had been excused from further service on the committee, and Messrs. Carlisle and Brice appointed to fill the vacancies thus created, as follows:

IN THE SENATE OF THE UNITED STATES,
June 28, 1892.

Mr. McPherson, at his own request, was excused from further service upon the Select Committee on Failed National Banks.

June 29, 1892.

Mr. Harris, at his own request, was excused from service upon the Select Committee on Failed National Banks.

The President *pro tempore* appointed Mr. Carlisle and Mr. Brice to fill the vacancies thus created.

Attest:

ANSON G. McCOOK,
Secretary.

TESTIMONY OF CHARLES J. STODDARD—Recalled.

By the CHAIRMAN:

Q. Was Mr. William Trenholm an assistant bank examiner at any time?—A. There is no such official position as assistant bank examiner, but the examiners in the larger cities employ assistants, and they are recognized as such.

Q. Was Mr. Trenholm so employed?—A. He was, as assistant to Mr. Drew, national bank examiner for the district of Philadelphia.

Q. You may state whether, when the Keystone National Bank failed, it appeared from the examiner's first report that Mr. Trenholm had an overdrawn account at that bank?—A. No.

Q. Did it so appear at any subsequent time? If so, state what facts you have ascertained from the records.—A. As understood in this office the fact was ascertained sometime in the fall of 1891 after an examination had proceeded under the direction of Mr. Barrett, the special operator, so called, acting under the direction of the Secretary of the Treasury. It then appeared in the receiver's schedules for the first time.

Q. At what date does it first appear in the receiver's schedules?—A. I think in the report for the quarter ended December 31, 1891. I notice by a letter from the receiver that Mr. Trenholm was called upon to make settlement on November 20, 1891, that date being immediately subsequent to the date when it was discovered.

Q. Does the indebtedness of Mr. Trenholm appear in the receiver's report for the quarter ended December 31, 1891, as additional assets coming into the receiver's possession after the suspension of the Keystone Bank?—A. Yes, sir.

Q. How much does it appear to be?—A. Six thousand seven hundred and eighty-four dollars and ninety-four cents.

Senator CARLISLE. An overdraft of his account?

A. Yes, sir.

By the CHAIRMAN:

Q. That is on page 395 of the testimony taken by the House Committee on Banking and Currency?—A. Yes, sir.

Q. Is that the first report of the receiver in which this overdraft appears?—A. It is.

Q. Does it also appear on page 399 of the testimony of the House committee, "William Trenholm, overdraft, \$6,784.94"?—A. Yes, sir; it does, the amount being the same.

Q. Does it also appear on page 399 and page 405 of the testimony in the report for the quarter ended March 31, 1892?—A. It does.

Q. Will you give such details of that account as you find on the books of the office?—A. Some time after the overdraft was discovered the receiver, acting under the general direction in such matters, brought the attention of Mr. Trenholm to this account, and, as the office understands, notified him that suit would be commenced unless settlement

was made. Subsequently and upon the request of the Comptroller a transcript of the account was forwarded by the receiver to this office, accompanying a letter under date May 16, 1892.

Q. Will you give the committee the letter?—A. This is it:

[G. W. Marsh, president; John Hayes, cashier; Chas. Lawrence, ass't cashier.]

KEYSTONE NATIONAL BANK,
1326 AND 1328 CHESTNUT STREET,
OPPOSITE U. S. MINT,
Philadelphia, May 16, 1892.

SIR: I have the honor to transmit herewith at your request a statement of the account of William Trenholm with the Keystone National Bank. It will be noted that it begins with an overdraft of \$1,608.53 on October 1, 1888, the date at which the ledger indicates a settlement of the pass book was made. All the checks which are subsequently charged are in my possession. The account in the ledger ends with the entry on December 22, 1888. It does not appear in the subsequent ledgers.

Mr. Trenholm was advised of the amount of his indebtedness to the bank and requested to make settlement for the same on November 20, 1891. Subsequently his counsel, Mr. John J. Crawford, came to Philadelphia by appointment and met me at the receiver's office. The statement was submitted to him and examined by him. He promised on Mr. Trenholm's behalf to make an effort to settle and has since written to arrange for another meeting. I have seen him, however, and the claim remains unsettled.

Very respectfully,

ROBERT M. YARDLEY,
Receiver.

HON. E. S. LACEY,
Comptroller of the Currency, Washington, D. C.

[In red ink on face]: Robert M. Yardley, receiver, removed to room 29, third floor, Post-Office building. Office Comptroller of the Currency, May 17, 1892.

By the CHAIRMAN:

Q. I notice that the receiver concludes his letter with the statement: "I have seen him, however, and the claim remains unsettled." I presume he intends to say, "I have not seen him," etc. Is the letter which has just been put in the record the original or a copy?—A. It is a copy, but the original letter contains exactly the same expression.

Q. You may now present the account, which will also be put in the record.—A. I will do so.

William Trenholm in account with Keystone National Bank.

1888.		
Oct.	1	* Overdraft per pass book balanced..... \$1,608.53
	Date of check.	
Sept.	4	To check paid..... 10.00
	5	" " "..... 25.00
Oct.	8	" " "..... 50.00
	8	" " "..... 10.00
	9	" " "..... 50.00
	10	" " "..... 25.00
	13	" " "..... 50.00
	15	" " "..... 12.50
	15	" " "..... 3.00
	17	" " "..... 35.00
	25	" " "..... 25.00
	26	" " "..... 45.00
	27	" " "..... 25.00
	31	" " "..... 54.40
Nov.	1	" " "..... 25.00

* Checks returned with pass book to this point.

Date of check.			
1888.			
Nov.	9	To check paid	\$25.00
	14	" " "	25.00
	23	" " "	25.00
	24	" " "	50.00
	26	" " "	25.00
	28	" " "	75.00
Dec.	1	" " "	75.00
	2	" " "	16.00
	7	" " "	50.00
	8	" " "	75.00
	11	" " "	150.00
	14	" " "	50.00
	15	" " "	50.00
	17	" " "	250.00
	22	" " "	150.00
1889.			
Jan.	8	" " "	50.00
	15	" " "	50.00
	17	" " "	50.00
	19	" " "	35.00
	21	" " "	50.00
	22	" " "	25.00
	25	" " "	50.00
Feb.	2	" " "	50.00
	3	" " "	50.00
	5	" " "	25.00
	6	" " "	100.00
	6	" " "	50.00
	9	" " "	50.00
	12	" " "	20.00
	16	" " "	20.00
	17	" " "	100.00
	19	" " "	100.00
	19	" " "	50.00
	21	" " "	100.00
	25	" " "	50.00
Mar.	2	" " "	20.00
	2	" " "	50.00
	7	" " "	50.00
	8	" " "	350.00
	8	" " "	50.00
	8	" " "	50.00
	9	" " "	100.00
	"	" " " (Charge ticket, Chas. Lawrence.)	55.00
	9	" " "	50.00
	9	" " "	25.00
	15	" " "	150.00
	18	" " "	100.00
	28	" " "	100.00
April	4	" " "	100.00
	4	" " "	20.25
	5	" " "	150.00
	8	" " "	35.00
May	6	Sight draft on 1st Nat. Bank, Charleston, S. C., returned	6,000.00
May	1	To check paid	150.00
	7	" " "	25.00
	10	" " "	76.50
	21	" " "	50.00
	23	" " "	50.00
	28	" " "	25.00
	29	" " "	50.00
	29	" " "	50.00
June	6	" " "	25.00
	11	" " "	86.55
	13	" " "	100.00
	14	" " "	50.00
	16	" " "	20.00

Date of check. 1889.			
July	2	To check paid	\$49.48
Aug.	4	" " "	50.00
	4	" " "	25.00
	15	" " "	100.00
Sept.	3	" " "	100.00
	7	" " "	86.38
			\$12,843.59

CR.

1888.	Oct. 29	By deposit	58.65
1889.	April 10	Sight draft on 1st Nat. Bank, Charleston, S. C.	6,000.00
			6,058.65
Total overdraft			6,784.94

This account is made up from the checks on hand in the hands of the receiver from Oct. 1, 1888, all checks prior to that time having been returned. The account has been destroyed from Jan'y 1, 1889, to its final entry.

The credits have been taken from the deposit scratchers of the bank, and a critical examination of every day's work was made.

By the CHAIRMAN:

Q. Will you state, as you understand from your knowledge of this bank, why this account was not discovered earlier and was not included in the first report of the assets when the bank failed?—A. I understand from hearsay that the records of the bank were mutilated, that leaves had been torn out, and that this part of the account appeared to have been accidentally left intact.

Q. How do you understand this account was made up if the ledger did not show it?—A. I notice that at the time an examination was going on, the examiner being present, an entry was made to settle the account by means of a deposit of a sight draft drawn on some foreign bank.

Q. State accurately what entry was made?—A. Sight draft on the First National Bank of Charleston, S. C., \$6,000.

Q. At what date?—A. April 10, 1889.

Q. Does it appear from any records that an examination of the bank was going on at that time?—A. On page 72 of the testimony taken by the House committee it appears that an examination of the Keystone National Bank was commenced on April 9, 1889.

Q. And closed when?—A. And was closed April 13, 1889.

Q. Were Mr. Drew and Mr. Trenholm then engaged in examining the bank?—A. On page 435 of the testimony taken by the House committee Mr. Trenholm testified that the last examination at which he was present occurred in February, 1888.

Q. So that it would appear from that testimony that he was not present at the examination made in April, 1889, but that was an examination made by Mr. Drew?—A. Yes, sir.

Q. State what counter entry there is of the draft of \$6,000?—A. It appears from the transcript of Mr. Trenholm's account that on May 6, 1889, the amount of the draft was charged back to his account.

Senator CARLISLE. It not having been paid?

A. Yes, sir; the entry being "Sight draft on First National Bank, Charleston, S. C., returned, \$6,000."

By the CHAIRMAN:

Q. Have you any other records in your office in relation to the Trenholm account?—A. No, sir. It simply rests with the receiver to pursue the ordinary course for collection.

Q. You spoke of the fact that pages in the ledger had been torn out. This appears, we are to understand, from the examination made by Mr. Barrett, the special operator, acting under the direction of the Secretary of the Treasury?—A. Yes, sir.

Q. Do you understand that Mr. Barrett's report has been submitted to the House committee?—A. I understand that he has given his testimony to the committee, and I presume his papers have become of record.

Q. State whether or not it is understood that Mr. Barrett's report shows that ledger accounts, including an indebtedness of a Mr. Yard of several hundred thousand dollars, were torn out.—A. I can not say.

Q. Have you heard?—A. No, sir; I do not know how that may be. I can say, however, that Mr. Barrett testified as to a number of leaves having been torn out.

Q. Embracing many accounts; not Mr. Trenholm's alone?—A. Yes, sir; that is correct.

By Senator CARLISLE:

Q. I would like to ask whether Mr. Trenholm has yet made this account good at the bank, so far as you know?—A. I do not believe he has. If he had, the receiver would certainly have informed us.

Q. It is not so reported to the office?—A. No, sir.

[The references to Mr. William Trenholm's overdraft are found on pages 22, 395, 399, and 405, "Testimony taken before the Committee on Banking and Currency, House of Representatives," which began April 27, 1892, and Mr. Trenholm's own testimony is in pages 432 to 436.]

By the CHAIRMAN:

Q. Will you now be kind enough to turn to the records concerning the failure of the Spring Garden National Bank and state, first, what they show in reference to the indebtedness of N. F. Evans, one of the directors, and next any indebtedness of A. B. Nettleton, Assistant Secretary of the Treasury?—A. It appears from the receiver's first report, which constituted a receipt for the assets of the Spring Garden National Bank, under date June 22, 1891, that the indebtedness of Mr. N. F. Evans aggregated \$88,493.52 as a direct liability, and that he was further indebted indirectly by indorsement and otherwise to the extent of \$111,000. In the report of the national-bank examiner of the condition of the bank February 10, 1891, Mr. Evans's liability is stated at \$71,500 direct and \$88,403.35 indirect.

Q. What was the capital of the bank and the 10 per cent limit of loans?—A. The capital of the bank was \$750,000, and the limit of loans was \$75,000.

Q. Have you a letter from the Comptroller of the Currency to the president of that bank, of March 5, 1891, calling attention to excessive loans?—A. Yes, sir. The letter is submitted.

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, D. C., March 5, 1891.

MR. FRANCIS W. KENNEDY,
*President Spring Garden National Bank,
Philadelphia, Pa.:*

SIR: The report of an examination of your bank, made on the 10th ultimo, has been received.

The following loans appear to exceed the limit prescribed by section 5200, United States Revised Statutes:

F. W. Kennedy, president	\$93,900.00
Van Gunden & Young, Young director	110,382.00
Nelson F. Evans, director	159,403.35
Peter B. Simons & Son	141,801.00

These loans should be reduced to the lawful limit as soon as practicable.

It appears that three of the above loans are to directors or to enterprises in which they are interested, and that in addition to these you have loaned to the Hero Fruit Jar Company (of which your president and cashier are officers) and to five other persons, secured by the stock of this company, an amount of \$260,000, most of which has been continuously loaned since 1886.

While these loans may not be in violation of the terms of section 5200, United States Revised Statutes, it is evident that the framers of the national banking laws intended that the loans and discounts of an association should be widely distributed, and that no bank should undertake an account disproportionate to its capital. It is hoped that you will bear in mind the spirit as well as the letter of the law.

Your lawful money reserve at the time of the examination was deficient to the extent of \$129,601, the deficiency being in that portion of the reserve which is required to be kept on hand; and the examiner states that your average reserve for the thirty days preceding date of examination was only 21 per cent.

Your attention is respectfully called to section 5191, United States Revised Statutes, which forbids national banks to increase their liabilities by making any new loans or discounts while there is a deficiency in the required reserve. Under the provisions of this section it becomes my duty to notify you to make this reserve good. Please inform me when this has been done.

In addition to the deficiency in your lawful money reserve, it appears from the report that you had borrowed money to the extent of \$559,000, \$405,000 of this amount being represented by clearing-house loan certificates. From the deficiency in your reserve, and the amount of money which you have been compelled to borrow, it would seem that your business has been extended beyond safe limits; and this to a large extent appears to be the result of excessive accommodations granted to directors and enterprises in which they are interested, as the total of such accommodations appears from the report to be over \$600,000.

Overdue paper is reported, amounting to \$181,845.23. Such of this paper as is good should be collected or made active by renewal, with satisfactory security for payment after a reasonable extension.

In this connection the examiner states that many of your loans and discounts have been carried for years, and that they will be slow of payment and possibly attended with some loss. Under the circumstances it will not be lawful for you to declare any further dividends until the probable losses referred to are provided for.

Under these circumstances an earnest and vigorous effort should be made to bring the business of your bank within safe and prudent limits, and the first step to be taken in this direction should be the reduction of the excessive accommodations noted in this letter. Until this is accomplished your bank can not be considered as occupying a safe position, and it appears from the report that it has already suffered in some measure in credit at the clearing house.

Please bring this communication to the attention of your board of directors for their consideration and for reply over their individual signatures.

Respectfully yours,

E. S. LACEY,
Comptroller.

By the CHAIRMAN:

Q. Now, you may state what the first report, after the suspension, made either by the examiner or receiver, shows as to the indebtedness of Mr. A. B. Nettleton, Assistant Secretary of the Treasury.—A. In the examiner's report, under date of May 8, 1891, on which day the bank closed its doors, it is stated that "Mr. A. B. Nettleton has some \$40,000 accommodation paper overdue, whose value I am not able to report."

Q. Give the details of that indebtedness as it appears in the list of assets.—A. In the schedules of assets as receipted for by the receiver, under date of June 22, 1891, the items of Mr. Nettleton's indebtedness appear as follows:

Note due March 13, 1891	\$7,833.35
Note due March 23, 1891	7,500.00

Note due July 16, 1891.....	\$7, 833. 35
Note due July 28, 1891.....	5, 000. 00
Note due July 31, 1891.....	5, 000. 00
Note due August 4, 1891.....	7, 500. 00
Also, a rediscounted note, due March 28, 1891.....	5, 000. 00

The last item appears on a schedule of notes held by other banks as collateral. The aggregate of these notes is \$45,666.70.

Q. Was that \$45,666.70 included in the gross amount of assets which the receiver reported he found in possession of the bank?—A. Yes, sir. This explanation might be made just now in respect to the first two notes above, aggregating \$15,333.35: The receiver carries the assets in the form of a check given by N. F. Evans, and states in his schedule that the notes were missing.

By Senator CARLISLE:

Q. Check of N. F. Evans on what bank?—A. Check on the Keystone National Bank, given by N. F. Evans.

By the CHAIRMAN:

Q. State accurately what appears of record in reference to that check.—A. The receiver informed the Comptroller that these two notes were not in the bank, but were included in the receiver's schedules, because both of said notes matured March 13, 1891, and still remained on the books of the bank as overdue and unpaid, and that after suspension there was found a check of Nelson F. Evans on the Keystone National Bank for \$15,333.35, dated March 13, 1891, to which was pinned the notice of the maturity of the above two notes, addressed to A. B. Nettleton.

Q. Now, in reference to the dates of suspension of these two banks; this check of Evans was dated March 13, 1891?—A. Yes, sir.

Q. At that time the Keystone Bank had not suspended?—A. No, sir.

Q. At what subsequent date did it suspend?—A. On the morning of March 20, 1891.

Q. So that from March 13 to 20 that check was subject to presentation?—A. Yes, sir.

Q. It might have been presented and collected if Mr. Evans had funds?—A. Yes, sir.

Q. But so far as you know it never was presented, and it certainly was not collected?—A. No, sir. The list of depositors of the Keystone National Bank does not disclose the fact that Mr. Evans had a deposit with that bank at the date of suspension which would have been sufficient to have paid that check.

Q. You may state what indebtedness it appears that Mr. Nettleton acknowledges to the bank, in what shape it now stands, and whether or not it has been paid?—A. Under date of June 20, 1892, the receiver of the bank informs the Comptroller that Mr. Nettleton had given a judgment note for \$26,230.25 to cover the entire indebtedness which he admits, and the Comptroller is not aware that any amount has been paid by Mr. Nettleton in settlement of this indebtedness.

By Senator PEPPER:

Q. Was this note given before or after the suspension of the bank?—A. It is dated March 1, 1892.

By the CHAIRMAN:

Q. Will you annex a copy of the letter of the receiver stating the present condition of the Nettleton indebtedness?—A. I have a copy of the letter, and submit it.

OFFICE OF RECEIVER THE SPRING GARDEN NATIONAL BANK,
Philadelphia, June 20, 1892.

SIR: In reply to yours of the 17th instant asking a full and complete statement of the liability of Hon. A. B. Nettleton to my trust, direct and indirect, permit me to state that his direct liability to the Spring Garden National Bank has been merged in a judgment note as follows, viz:

\$26,230.³/₈.

PHILADELPHIA, March 1, 1892.

"One day after date I promise to pay to the order of B. F. Fisher, receiver of the Spring Garden National Bank, twenty-six thousand two hundred and thirty ³/₈ dollars without defalcation, value received, with interest. And further I do hereby authorize and empower any attorney of any court of record of Pennsylvania or elsewhere to appear for and to enter judgment against me for the above sum with or without declaration, with costs of suit, release or errors, without stay of execution, and with no per cent added for collecting fees; and I also waive the right of inquisition on any real estate that may be levied upon to collect this note, and do hereby voluntarily condemn the same, and authorize the prothonotary to enter upon the fi. fa. my said voluntary condemnation, and I further agree that said estate may be sold on a fi. fa.

A. B. NETTLETON. [SEAL.]

This judgment note represents four (4) promissory notes, including accrued interest, as follows, viz:

(1) \$7,833.35.

WASHINGTON, D. C., March 13, 1891.

Four months after date I promise to pay to the order of myself seventy-eight hundred thirty-three ³/₈ dollars at the Spring Garden National Bank of Philadelphia. Value received with interest at 6 per cent per annum until paid.

A. B. NETTLETON.

Due July 16, 1891.

(2) \$7,500.

WASHINGTON, D. C., April 1, 1891.

Four months after date I promise to pay to the order of myself seventy-five hundred dollars at the Spring Garden National Bank, Philadelphia, Pa. Value received, with interest at 6 per cent per annum until paid.

Interest paid to maturity.

Due Aug. 4th, 1891.

A. B. NETTLETON.

(3) \$5,000.

PHILADELPHIA, March 23, 1891.

On the twenty-eighth day of July, 1891, without grace, I promise to pay to the order of myself five thousand dollars. Payable at the Spring Garden National Bank, without defalcation. Value received.

A. B. NETTLETON.

Due July 28, 1891.

(4) \$5,000.

PHILADELPHIA, March 31, 1891.

On the thirty-first day of July, 1891, without grace, I promise to pay to the order of myself five thousand dollars, payable at the Spring Garden National Bank, without defalcation.

Value received.

A. B. NETTLETON.

Due July 31, 1891.

Each of the four preceding notes is endorsed—A. B. Nettleton—and also bears the following endorsement:

The claim upon the within note is included in a judgment note given to the undersigned by A. B. Nettleton of date March 1, 1892.

B. F. FISHER, Receiver.

The said four promissory notes were the only bills receivable found by me among the assets of this bank upon which A. B. Nettleton was liable. The two notes referred to in your communication as having been mentioned in my schedules under date of June 22, 1891, namely, note due March 13, 1891, \$7,833.35 and note due March 23, 1891 (should be March 13, 1891), \$7,500, were not in the bank, but were included in said schedules because both of said notes maturing March 13, 1891, still remain on the books of the bank as overdue and unpaid. After suspension there was found a check of Nelson F. Evans on the Keystone National Bank for \$15,333.35, dated March 13, 1891, to which was pinned the notice of maturity of the above two notes

addressed to A. B. Nettleton. The said check is now in possession of the receiver, and is listed as a debt of N. F. Evans due this bank. The facts seem to be that upon March 13, 1891, Nelson F. Evans came to the bank and gave his check as aforesaid on the Keystone National Bank for the sum of \$15,333.35, dated said 13th day of March, 1891, and received in return for said check said two notes.

Subsequent investigation convinced me that no claim could be made upon Mr. Nettleton for or on account of said notes, for the reason that they were surrendered by the bank through Mr. Evans to Mr. Nettleton in consideration of said check of Mr. Evans. Subsequently, at what time not known, the two notes, one dated March 13, 1891, for \$7,833.35, and the other dated April 1st, 1891, for \$7,500, drawn by A. B. Nettleton, came into possession of the Spring Garden National Bank, and were upon the 7th day of May discounted and the proceeds of the discount credited to the payment of a certain note—A. B. Nettleton—for \$15,000, payable on demand, and this last note surrendered, as is surmised, from the fact that the same was not found among the assets of the bank after the suspension of the bank. It of course could not be expected to be found, as the two new notes were substituted for it and accrued interest.

There is another note in the sum of \$1,500 upon which Mr. Nettleton is liable, and which note may hereafter become part of the assets of my trust, namely, a note dated March 24, 1891, for \$1,500 at 4 mos., originally held by the Spring Garden National Bank and by it passed to the Tradesmen's National Bank of New York City, and now held by that bank.

As to the note stated as "held as collateral to rediscount by correspondent bank," being for \$5,000, this note was discounted by the Spring Garden National Bank November 25, 1890, and the proceeds, \$4,896.67, credited to the account of Nelson F. Evans. The note was credited to bills discounted under date January 2, 1891, and charged to the Tradesmen's National Bank of New York City, they having rediscounted it for this bank. Under an arrangement with the Tradesmen's National Bank of New York City, the note was mailed to this bank for collection and credit some days prior to its maturity, and was charged to the account of the Spring Garden National Bank by the Tradesmen's National Bank of New York City March 28, 1891, but not credited to its account upon the books of the Spring Garden Bank, and still remained due to it at the date of suspension of this bank.

There was found in the cashier's vault, after suspension, a check on the Spring Garden National Bank for \$5,000 made by N. F. Evans, to which was pinned a notice of the maturity of said note of A. B. Nettleton, due March 28th. Under date of March 31, 1891, a new note drawn by A. B. Nettleton, maturing July 28, 1891, for \$5,000 was discounted, and the proceeds, \$4,897.50, credited to the account of Nelson F. Evans, this note being apparently intended as a renewal of the above note of A. B. Nettleton, due 3, 28, '91, for \$5,000, and for which Mr. Evans gave his check, which check, however, was not charged against Mr. Evans' account, and still remains due by him, and said last discounted note forms a part of the consideration of the judgment note aforesaid.

I have among the assets of the bank, as collateral to said indebtedness of Mr. Nettleton, bonds of the Bunker Hill Gold Mining Co., numbers 281 to 306, inclusive, aggregating \$13,000. In addition, I have certificates No. 6 and 8 for 15 shares of the Minnesota and Iowa Improvement Co., which were originally pledged specifically, as collaterals to secure the payment of said \$15,000 demand note, which was paid by the discount proceeds of the two notes of A. B. Nettleton, as already mentioned, and the said \$15,000 note surrendered; at least, the same was not in the bank at the time it was taken possession of by the bank examiner.

While the rules of law might not give me the right to apply this last mentioned collateral on account of the remaining liabilities of Mr. Nettleton, it having been pledged for a specific debt, he has informed me that as soon as the same has any value he will arrange for the proceeds thereof to be turned over on account of the said remaining liability.

It is impossible for me to give even an approximate value of either of said collaterals, inasmuch as they both depend upon contingencies which might never happen.

Very respectfully, your obedient servant,

B. F. FISHER,
Receiver.

Hon. R. M. NIXON,
Deputy and Acting Comptroller.

[The "testimony taken before the Committee on Banking and Currency, House of Representatives," relative to Mr. Evans and Mr. Nettleton is in pages 189, 190, 191, 194, and 195.]

At 11 o'clock and 30 minutes a. m. the committee adjourned.

UNITED STATES SENATE,
Washington, D. C., June 15, 1892.

HON. A. B. NETTLETON,
Assistant Secretary.

SIR: The Senate Committee on Failed National Banks will meet on Friday morning at 10 o'clock at the room of the Senate Committee on Patents, to examine into the subject of the indebtedness to the Keystone National Bank of Mr. William L. Trenholm and Mr. Nelson F. Evans; and the indebtedness to the Spring Garden National Bank of Mr. Nelson F. Evans and yourself. You can be present at the meeting of the committee if you so desire.

Very respectfully,

W. E. CHANDLER,
Chairman.

[Telegram.]

TREASURY DEPARTMENT, June 17.

HON. W. E. CHANDLER:

My clerk will hand you a statement from me about 11 o'clock this morning.

A. B. NETTLETON.

WASHINGTON, June 17, 1892.

HON. W. E. CHANDLER,
Chairman Senate Special Committee on Failed National Banks:

SIR: Assuming from your communication of the 15th instant that your committee would be pleased to receive from me all the information in my possession concerning the points mentioned therein, I take pleasure in sending herewith a memorandum statement embodying such information somewhat in detail. A copy of this memorandum, substantially, was furnished last autumn to the following officials: The Secretary of the Treasury, the Comptroller of the Currency, the Receiver of the Spring Garden National Bank, and the then United States district attorney for the eastern district of Pennsylvania, Hon. John R. Read.

I may mention that at the recent preliminary judicial hearing of Mr. Evans's matter District Attorney Read took occasion voluntarily to state to the court that Mr. Nettleton had furnished an entirely satisfactory explanation of the connection of his name with paper in the Spring Garden National Bank.

Gen. B. F. Fisher, receiver of the same bank, in a letter addressed to me on the 23d of November, 1891, acknowledging receipt of a copy of said memorandum, and in reference thereto says:

"The records of this bank bear you out in every particular in reference to this matter."

If your committee should desire more detailed information on any point within my knowledge I shall be pleased to respond to any request to that end.

Respectfully, yours,

A. B. NETTLETON.

MEMORANDUM.

To the best of my recollection and belief, the only business transactions of any nature which I have had during the ten years last past, directly or indirectly, with Nelson F. Evans, Francis W. Kennedy, or the Spring Garden National Bank, or with any other Philadelphia bank, or with anyone associated with either, are fully set forth in the following memorandum:

\$11,500. ACCOMMODATION PAPER.

On or about February 26, 1886, at his own request I delivered to Nelson F. Evans my three accommodation notes, dated, respectively, February 18, 20, and 23, 1886, and maturing four months from their date, aggregating \$10,000. Upon doing so I received from Mr. Evans a paper now in my possession, of which the following is a copy.

"PHILADELPHIA, February 26, 1886.

"Having received from A. B. Nettleton, of Minneapolis, his accommodation notes as follows: \$3,000, dated February 18, due June 21, 1886; \$4,000, dated February 20, due June 23, 1886; \$3,000, dated February 23, due June 26, 1886; in all, \$10,000, I have deposited with Francis W. Kennedy, of Philadelphia, \$13,000 of the Bunker Hill Gold Mining Company as collateral security for the payment of said notes or

any renewals of them, and I agree to provide for the payment of said notes or any renewals of them and protect said Nettleton from any loss by reason of them.

"NELSON F. EVANS."

"PHILADELPHIA, February 26, 1886.

"I acknowledge the receipt of the above-described bonds for the purpose stated, and also for value received hereby guarantee the performance of the above agreement by Nelson F. Evans.

"FRANCIS W. KENNEDY."

At some time in the year 1886 this line of accommodation paper was increased to \$11,500 without the additional \$1,500 being entered in the guaranty agreement above cited. This paper (\$11,500) by regular renewals was continued until the present year, and all or most of it proves to have been in the Spring Garden National Bank at the date of its suspension in May last.

I had no interest in and derived no advantage from the proceeds of the original notes or any of the renewal notes. I had and have no knowledge whatever of the use to which they or their proceeds were put and never was called on, prior to the suspension of the Spring Garden Bank, to pay any one of them, principal or interest. I signed the notes as an accommodation to Mr. Evans, a personal friend of many years, who had in past time disinterestedly aided me and who was subsequently a secured accommodation indorser on notes of mine.

MY ACCOUNT AT THE SPRING GARDEN NATIONAL BANK.

In May or June, 1888, I sold to Nelson F. Evans and Francis W. Kennedy an interest in a certain railway construction contract and received therefor from them \$15,000.

A few days prior to the date of the written agreement formulating this transaction the purchasers had advanced to me \$10,000 on account of the purchase, which advances were temporarily represented by my two promissory notes of \$5,000 each. Upon formally closing the transaction June 21, 1888, I devoted \$10,000 of the \$15,000 purchase money so received to discharging the two memorandum notes referred to, and the remainder (\$5,000) was deposited to my credit with the Spring Garden National Bank, whence it was checked out (except a trifling balance still standing) for my current needs during the ensuing seven months, as shown by my paid checks now with the suspended bank.

In 1890, inasmuch as the railway investment had not been as successful as contemplated, I voluntarily agreed to repurchase the interest sold to Evans and Kennedy in 1888, and undertook to ultimately return in money and property the principal of the amount invested by them. Meantime for their convenience that amount was to be represented by my two promissory notes for \$7,500 each, renewable every four months, until such time as it should be convenient for me to discharge the obligation in the manner agreed upon, by realizing upon the railroad interest or otherwise. These two promissory notes were, shortly before their maturity, in March or April, 1891, sent to me by Mr. Evans for renewal according to agreement, and I returned to him in their stead one four months' note of \$7,500 and one of \$7,833.35, which notes were found among the assets of the Spring Garden National Bank at the date of its suspension—\$333.35 of the last-named note representing accrued interest on \$7,500 since the adjustment in 1890.

FIFTEEN THOUSAND-DOLLAR ACCOMMODATION PAPER.

On the 21st of June, 1888, I delivered to Nelson F. Evans my accommodation demand note for \$15,000, receiving at the same time a guaranty memorandum, which is now in possession, and of which the following is a copy:

"Philada., June 21, 1888, Genl. A. B. Nettleton, of Minneapolis, has signed for our accommodation a collateral note dated this day, on demand, for fifteen thousand (15,000) dollars, with 15 shares of the Minnesota and Iowa Improvement Company as collateral, which stock belongs to General Nettleton. This note we are to pay, which we agree to do at the termination of the agreement between us dated this day and thereupon return to him the said 15 shares of stock.

"NELSON F. EVANS.

"FRANCIS W. KENNEDY."

Until more than two years after its date I had no knowledge or concern as to what use had been made of the \$15,000 accommodation note. No interest payments were called for, and I considered the Evans-Kennedy guaranty, which was behind it, to be absolute protection to me. Upon the adjustment of the railway investment in 1890 and the resulting delivery to Mr. Evans of my two notes of \$7,500 each, my former accommodation note of \$15,000 was returned to me canceled. On the strength

of successive reports from the regular commercial agencies and other evidence I believed Mr. Evans, then president of a leading Philadelphia fire insurance company to be abundantly responsible for his engagements. President Kennedy, of the Spring Garden National Bank, I never met half a dozen times in my life, but from current report and indications I supposed him to be a man of wealth and undoubted integrity. In both cases this belief continued up to the date of the bank's failure.

Immediately upon the failure of the Spring Garden National Bank and in reply to a press inquiry, I publicly acknowledged my full legal responsibility for the outstanding paper described herein. So far as I am aware there is no controversy or this point, or on any other matter affecting the paper, its origin or use.

There is behind this \$26,833.35 paper, as I understand it, collateral security of the apparent value of \$23,000. As soon as this has been realized upon, and the balance due, partially representing my loss by the bank's failure, has been ascertained, I expect to discharge such balance.

UNITED STATES SENATE,
Washington, D. C., June 17, 1892.

SIR: Your communication of this date was received shortly after the committee had adjourned, without taking any testimony, owing to the absence of one of its members.

The receiver's report of March 31, 1892, furnished to the committee from the office of the Comptroller of the Currency, shows your indebtedness to the Spring Garden Bank on the day of its failure, May 8, 1891, to have been as follows:

Note due March 13, 1891.....	\$7, 833. 35
Note due March 23, 1891.....	7, 500. 00
Note due July 16, 1891.....	7, 833. 35
Note due July 28, 1891.....	5, 000. 00
Note due July 31, 1891.....	5, 000. 00
Note due August 4, 1891.....	7, 500. 00

Making a total of 40, 666. 70

The examiner also reported May 8, 1891, as follows: "A. B. Nettleton has some \$10,000 accommodation paper overdue."

It also appears from a schedule from the Spring Garden Bank that there is reckoned as one of its assets the rediscount of a \$5,000 note signed by you, which would make the total amount apparently due from you \$45,666.70.

For the first two notes above of \$7,833.35 and \$7,500 the receiver's report of March 31, 1892, shows a check was given dated March 13, 1891, by Nelson F. Evans on the Keystone Bank for \$15,333.35, and said two notes are not found by the receiver; but the last four notes, amounting to \$25,333.35, are supposed to be in his possession.

Your letter acknowledges only a liability of \$26,833.35. The committee do not quite understand what obligations, as stated by the receiver, you admit and what, if any, you deny.

Very respectfully,

W. E. CHANDLER,
Chairman Senate Committee on Failed National Banks.

Hon. A. B. NETTLETON,
Assistant Secretary.

WASHINGTON, June 24, 1892.

SIR: Referring to your inquiry of recent date relative to certain points in my communication to your committee respecting certain indebtedness of mine to the Spring Garden National Bank of Philadelphia, I have delayed answering until a revised statement should be received from the receiver of the bank. I am now informed that you have seen in the office of the Comptroller of the Currency a copy of such revised statement, and that a copy thereof has been furnished, or is to be furnished, to you. I presume that the statement answers with sufficient fullness, and from the point of view of the receiver, the questions which you have asked me. It is sufficient for me to say that the note of \$7,833.35, dated March 13, 1891, the note of \$7,500, dated April 1, 1891, and the note of \$5,000, dated March 28, 1891, are renewals of former accommodation notes of mine (surrendered to me at maturity) of substantially like amounts, and that their incorporation in the statement as my indebtedness, producing an aggregate of some \$46,000, was an error in the receiver's original statement, and the correct amount of such indebtedness is given in the receiver's amended statement.

Respectfully yours,

A. B. NETTLETON.

Hon. W. E. CHANDLER,
Chairman Senate Committee on Failed National Banks.

WASHINGTON, D. C., July 16, 1892.

The committee met at 10:30 o'clock a. m. at the office of the Comptroller of the Currency, Treasury Department.

Present: Senators Chandler (chairman) and Carlisle.

TESTIMONY OF A. B. NETTLETON, ASSISTANT SECRETARY OF THE TREASURY.

A. B. NETTLETON, being duly sworn, testified as follows:

The CHAIRMAN. I hand you a printed copy of Mr. Stoddard's testimony, also a letter from Receiver Fisher, dated June 20, 1892, to the Comptroller of the Currency, and also copies of your own letters to the chairman of this committee. There is some doubt in the minds of the members of the committee as to the exact facts connected with your indebtedness to the Spring Garden Bank, which I will develop by interrogatories. In the letter of Receiver Fisher, of June 20, 1892, he states that two notes, one dated March 13, 1891, for \$7,833.35, and the other dated April 1, 1891, for \$7,500, drawn by A. B. Nettleton, came into the possession of the Spring Garden National Bank, and were on the 7th day of May discounted, the proceeds of the discount credited to the payment of a certain note of A. B. Nettleton for \$15,000, payable on demand, and this last note surrendered, as is surmised, from the fact that the same was not found among the assets of the bank after its suspension. It, of course, could not be expected to be found, as the two new notes were substituted for it and accrued interest. Is that statement of the receiver correct and did the bank, on the 7th day of May, 1891, hold a note of yours for \$15,000?

The WITNESS. In order that my answer may be intelligible, it will have to start off with a little bit of history. Will that be permissible?

The CHAIRMAN. State your answer in your own way.

The WITNESS. Let me ask if the statement of mine to your committee is in the printed proof?

The CHAIRMAN. It is all there.

Senator CARLISLE. On galley 5.

The WITNESS. Then I had better refer to the proof instead of my own papers, which I have brought here for citations.

On page 5 of the proof slips, under the general heading "\$15,000 accommodation paper," let me call your attention to the fact that the \$15,000 accommodation note of mine, referred to in the question of the chairman, was made by me on the 21st of June, 1888, and delivered to Nelson F. Evans in Philadelphia. That note, so far as I know, remained with Nelson F. Evans, or with the Spring Garden Bank, of which he was a director, up to the spring of 1891. At what date it was surrendered to me, canceled, I have no way of fixing with any exactness. By a settlement which I made of a business matter with Nelson F. Evans and Mr. F. W. Kennedy, then associated with him in that matter, they agreed and were required by the terms of such settlement to return to me, canceled, the \$15,000 note and another note of \$7,500, which I think does not appear in these papers, because, so far as I know, it never passed out of the hands of Mr. Evans and never became a live piece of paper. That settlement with them took form late in October of 1890, when I delivered to them my two notes of \$7,500 and

\$7,676.76, as I remember the exact amount, the \$176 being some accrued interest. Upon their receipt of these two notes their obligation matured to return to me my accommodation note of \$15,000 which they had had since June 21, 1888, together with the \$7,500 note that I just mentioned.

Now, as a matter of fact, those two notes never came to me for some months afterwards. How long, I say I do not know exactly; but sometime in the spring of 1891 the two notes came to me, both canceled, and with a slip pinned to them, as I now remember it, in the handwriting of Mr. Evans, saying simply, "old notes canceled and returned," with no letter of transmission.

I never knew, and I do not now know, aside from the report of the experts who have examined the books, whether my note of \$15,000 continued to be a live obligation, either in the hands of the bank or anybody else, after I had fulfilled my part of the transaction by delivering them new paper in October, 1890. It ought not to have continued a live obligation. It was an oversight of mine in not requiring that it be returned to me immediately upon the receipt of the other two notes.

Now, coming to the exact question that the chairman has asked, whether or not these two notes of \$7,500 and \$7,833.35 were discounted on the 7th day of May, 1891, and the proceeds used to take up the \$15,000 note. I presume that to be the case, as the bank's books so indicate. The two notes of \$7,500 and \$7,833.35 dated, respectively, April 1, 1891, and March 13, 1891, were simply renewals of the two notes which I had given them in October, 1890. Mr. Evans sent to me the two maturing notes of the same amounts—I say the same amounts; there may be a fractional difference owing to interest computations—Mr. Evans sent to me the two maturing notes for cancellation, and the substitution of the two renewal notes, in accordance with our general understanding and agreement. I find no copy of any letter of transmission of mine sending back the two renewal notes. I simply inclosed them in an envelope and sent them without paying any particular attention to it, for these renewals of accommodation paper had been going on for four or five years.

Immediately upon receiving the two maturing or matured notes they had had, I tore them up and threw them in the wastebasket and made those two new ones, dated March 13 and April 1, 1891, and sent them back as renewals of the two preceding ones. It seems, according to the experts who have examined the bank's books, that instead of using these two notes, as they ought to have been used upon receipt, to replace the two of which they were renewals, they were in fact held in suspense somewhere, I do not know whether in the bank or outside—they were sent to Evans personally—until the 7th of May, when, instead of being put to their proper use, of replacing my own two previous notes of like amount, they were used to release or pay off the \$15,000 accommodation paper, which they ought to have released six months before. If I make myself clear that is my answer to the question.

By the CHAIRMAN:

Q. Is that all you wish to state in answer to that question?—A. It is all unless there is some doubt in the mind of the committee.

By Senator CARLISLE:

Q. You supposed they would take care themselves of the \$15,000 note, as I understand you?—A. Certainly.

Q. And take these two notes which you gave in April and March and put them in the place of your other two notes?—A. Precisely. Let me make that clear by reading extracts from correspondence occurring at the time.

By the CHAIRMAN:

Q. I would like you to put in the record all the correspondence you had in March and April, 1891, on this subject?—A. March and April, 1891! I do not believe there is a scratch of a pen since the 1st day of January.

Q. What year?—A. 1891. I do not remember anything. I may find something.

Q. You state that you have no letter from him informing you, on or about March 13, 1891, that he wished you to renew the two \$7,500 notes?—A. I wish to be so understood. I find no letter of transmission from Mr. Evans returning to me—that is, delivering to me—my two maturing notes of \$7,500 and \$7,676.76.

Q. Then, confining ourselves now to the question of correspondence, you state that you did receive from him two notes and renewed those two notes?—A. I did.

Q. But that you have no correspondence, either letters from him to you or you to him, on that question?—A. I find nothing whatever relating to it.

Q. Have you made a diligent inquiry?—A. I have made as careful a search as I probably could by going over it again; in other words, my letter book of current date shows no letter of transmission from me sending back my two notes. That they received the notes is obvious from the fact that the notes are in the bank.

Q. I am dealing with the correspondence in your hands.—A. I find nothing.

Q. Do you find any correspondence with Mr. Evans during the spring of 1891?—A. I find no correspondence relating to any of the paper.

Q. Do you find any correspondence of any kind?—A. I did not look for anything else. We have corresponded on different business matters from time to time.

Q. Do you find letters from him to you, or copies of letters from you to him, in the spring of 1891?—A. I have found nothing of any kind whatever during that period. There is an old box of correspondence in a garret which I have not consulted, because—

Q. The correspondence about which I am inquiring could not be very old, having reference to 1891?—A. Fifteen or sixteen months. Matters of little or no consequence I marked "of no consequence" and threw into the box. Something of that kind might be found, by making a search of that kind, if it is important or desirable.

Q. I am asking you what you know?—A. I find nothing.

Q. Have you found any letters on any subject from Mr. Evans to you, or copies of letters from you to Mr. Evans, in the spring of 1891?—A. I have not.

Q. Then, so far as you are now able to state, there is no correspondence with Mr. Evans in existence, certainly not in your possession, occurring during the year 1891?—A. That is not what I wish to be understood assaying. I wish to be understood as saying that I have found no correspondence, either letters from him, or copies of letters from myself to him, between the 1st of January, 1891, and, we will say, the date of the failure of the bank, which is a good date to fix, May 8th. I know of none; I may be able to find some.

Q. Take a later date. Have you found no letters, no correspondence between you and him on any subject between January and July, 1891?

The WITNESS. Up to the 1st of July?

The CHAIRMAN. Yes.

A. I have found a number of letters, ranging from June or July, 1891, down to four or five months ago.

Q. That is commencing some time after the failure of the bank?—

A. Yes, sir.

Q. Are there any statements in those letters concerning these notes?—

A. None whatever; no reference to them.

Q. Then you have no correspondence in your possession, and know of none in the year 1891, relating to this indebtedness?—A. None whatever. Understand, because it is proper there to explain—

Q. Make all the explanation you please.—A. Within the three months, including the date of the failure of the Spring Garden National Bank, and following, I saw Mr. Evans personally perhaps twice or three times, which would necessarily have done away with the necessity for considerable correspondence in regard to our business matters which were open, and would tend to explain the absence of correspondence.

Q. So far as you know there are no letters between you and him, written between January 1, 1891, and the failure of the bank, in existence?—A. I find none.

Q. Are there any in existence?—A. Not to my knowledge.

Q. Have any been destroyed?—A. I have never destroyed business letters of consequence. On the other hand, I have not been in the habit of preserving everything I receive or send. Two-thirds of the personal letters I receive I tear up and throw in the wastebasket. I may have thus treated half a dozen communications from him which made no impression upon my mind in that matter.

Q. You have no recollection on the subject?—A. I have not.

Q. As I understand now your statement of your understanding of your transactions with the bank, aside from the \$11,500 transaction, prior to the fall of 1890 Mr. Evans had your \$15,000 note. In the fall of 1890 you gave him two notes, being the notes that matured about March 13, 1891, intended to take the place of the \$15,000 note?—A. Intended not only to take the place of the \$15,000 accommodation note, but to constitute a final settlement as between myself and Mr. Evans and Mr. Kennedy of the railway transaction.

Q. And also intended to result in taking up a note which had not been used?—A. Which had not been used.

Q. That is your statement. Now, can you account for the fact that you sent these two notes to take up the \$15,000 note, and be a final settlement, and did not get the \$15,000 note?—A. I can account for it in this way. With my opinion of the two men, as it was at that time, and had been for ten years, I would have trusted either or both of them with my check book with the checks signed and not filled out. I sent them the new notes just as I would send them to you, Mr. Chairman, or to you, Mr. Senator, after the terms upon which they were to be sent had been agreed upon, awaiting their reasonable convenience for complying with their part of the understanding. Now, that may be a poor business method but it is not unusual.

Q. Is that the only way you have of accounting for the fact that you did not get the \$15,000 note for which you gave the two new notes in the fall of 1890?—A. There was no reason on my part why the notes should not have been surrendered by return mail. The fact that they did not come promptly attracted no attention, because of the nature

of the relations which had existed and the confidence which I had in them.

Q. Where was this adjustment made, as the result of which you were to send these two \$7,500 notes?—A. It was made by correspondence exclusively, and I have it here.

Q. Will you, as bearing upon and in explanation of the fact that you sent the two notes and did not get the other, put in that correspondence, if you have no objection?—A. I will be pleased to do it.

Q. In view of the statement which you have just made, which will not appear of record in accordance with your request, before asking you to annex the whole correspondence, I will ask you whether you admit or deny any further indebtedness to the Spring Garden National Bank than the judgment note of \$26,230.25, payable March 1, 1892?—A. There is no other indebtedness to the bank.

Q. Then you do not admit that you were liable on both the notes which you gave in March or April, 1891, and the \$15,000 notes.

The WITNESS. At the date of the suspension of the bank?

The CHAIRMAN. Yes, sir.

A. Not at all.

Q. You deny that you were?—A. Certainly I deny it.

Q. If the bank had a legal claim against you on the \$15,000 note, which was paid, as the receiver states, by the two notes given in March or April, 1891, then those two last notes could not be a payment of the notes which became due for the same amount in March and April, 1891?—A. My answer is simply this, that the \$15,000 note, made in June, 1888, was, so far as I was concerned, covered and provided for by two notes of \$7,500 and \$7,676.76, given in the autumn of 1890. In the spring of 1891—and the date I am unable to fix, I presume the books of the bank would fix it approximately—I received, canceled, the \$15,000 note. That ended my liability of any nature upon the \$15,000 note. What the bank may have done, properly or improperly, in the way of misapplying the paper which I returned as renewal paper, I have no knowledge and certainly no responsibility.

Q. Do you mean that you have no knowledge with the receiver's letter before you?—A. I mean no knowledge aside from the records which are submitted, of course. I have not read the receiver's letter. Perhaps I had better read it.

The CHAIRMAN. We will wait for you to do so.

(The witness read the letter of Receiver Fisher.)

Q. Have you read the letter of the receiver of June 20, 1892; if so, are all the statements therein made correct, or do you find any errors?—

A. I have read the letter. So far as the statements contained in it are matters of knowledge to myself, they are correct, and so far as they are not matters of knowledge to myself, I presume the receiver is correct.

Q. Then the difference between you and the receiver is as to the legal effect of what has taken place?—A. I did not know there was any difference between us. The receiver, as I understand it, in his letter makes no claim against me whatever on the matter of the \$15,000 note.

Q. He states that the two notes in the spring of 1891 were credited by the bank in payment of the \$15,000 note. They could not have been in payment of the \$15,000 note, and also a renewal of the notes which came due in March, 1891. Is there no difference of opinion between you and him on that subject?—A. I do not see any. Let me answer generally, that if there is in the mind of the receiver representing the trust any question about the legal liability on the \$15,000 canceled note, I presume he will bring it up in court, and it will there be

properly tested. It never has been raised before. I never dreamed that there was any question whatever in regard to that matter.

Q. His statement of the transaction is that the two notes of \$15,333.35, coming due in March, 1891, were paid by check of Mr. Evans upon the Keystone Bank, which, although it was not paid, operated as a cancellation of the two notes for which it was given, and that the renewal notes which you gave were applied in payment of the \$15,000 note. That is his theory, distinctly stated in his letter. Is or is not that your theory of the transaction?—A. I accept it as a correct history of what was in fact done, wholly contrary to what ought to have been done, with the paper sent to them for a specific purpose. May I elaborate that answer somewhat?

The CHAIRMAN. Always.

The WITNESS. If—and now I am taking the simple, legal view of the situation—my notes which matured in March and April, whatever the dates were, for \$7,500 and \$7,676.76, respectively, were paid by the Evans check of \$15,333.35, they were canceled, certainly. Then, when I sent them \$15,333.35 more of my paper, and that was used to discharge and cancel—if it was so used, and the records seem to show it was—the old \$15,000 note, I see no question remaining.

By Senator CARLISLE:

Q. Your claim, then, is simply this, that if the bank accepted Mr. Evans's check in payment of your two notes, and gave up the notes, that released you from all liability upon those notes?—A. Necessarily.

Q. And that when they took your subsequent notes which you intended to be renewals of those notes, and in fact used them to renew the \$15,000 note, it imposed no new or additional obligation upon you?—A. I do not see how it is possible.

Q. That is the legal question which the courts have to decide.—A. Of course.

By the CHAIRMAN:

Q. From your own theory of your relations with the bank it appears that possible legal claim can be made for the \$15,000 note, and in that view and from the fact that you left the \$15,000 note in the hands of Mr. Evans, and also left there from the fall of 1890 until after the failure of the bank and till the present time, certificates of the Minnesota and Iowa Improvement Company, originally pledged for that note, I ask you to annex such correspondence as you desire in explanation of the seeming neglect to get up the \$15,000 note and the collateral.

The WITNESS. Pardon me. Covering also—I am asking you this question—

The CHAIRMAN. Such correspondence as you see fit to place in the record in view of the fact that you left the note and the collateral in the bank.

Senator CARLISLE. Your question relates only to correspondence tending to explain the reason why he did not get up his note. As I understand Gen. Nettleton, he wants to put in also the correspondence which preceded the execution of these notes.

The CHAIRMAN. My intention is not to insist upon his putting anything in, but to give him an opportunity to put in just as much as he pleases, in view of the possible claim that may be made upon him on account of the \$15,000 note, and in explanation of the fact that he left the note and collateral with the bank.

The WITNESS. I suggest that I read to the committee the full text of certain letters which embody the settlement with Evans and Kennedy,

leading up to the making of the two notes of \$7,500 and \$7,676.76, and showing that they were bound to relinquish the old notes which they had, and then that I furnish copies of those portions of the correspondence bearing upon the point in question.

The CHAIRMAN. You may do so.

The WITNESS. Then I will read the letters. As explanatory of this letter from myself to Nelson F. Evans, dated October 6, 1890, I will say that at some date prior to that, which I can not fix, I received a letter from him which I can not find in which he made complaint that he and Kennedy had not come out as well from the railway investment as they had hoped. That is about the substance of it. That will explain an expression contained in the letter.

[Extract from letter of A. B. Nettleton to Nelson F. Evans, dated Washington, D. C., October 6, 1890, the full text of which was read.]

* * * * *

As a result of your investigation you bought from me an interest in the future of the enterprise Winona and Southwestern Railway Company by paying me \$15,000 about June 21, 1888. In return for this money I gave you the contract, which you now hold and which speaks for itself. * * *

As to the \$15,000: Since June 21, 1888, you have held my accommodation note for this amount, which will of course be surrendered when new paper is given. You hold, awaiting settlement, my note of \$7,500, designed by me to represent the \$7,500 which I originally guaranteed to return. This I propose to renew at such periods as you desire until such time as it is paid by me either out of the collateral or otherwise, interest for the present to accumulate. * * *

I therefore suggest this: I will send you, if desired, my accommodation note of \$7,500, to be renewed at your pleasure and for your convenience. * * *

At 11 o'clock and 40 minutes a. m. the committee adjourned.

WASHINGTON, D. C., July 23, 1892.

The committee met at 10.30 o'clock a. m. at the office of the Comptroller of the Currency, Treasury Department.

Present: Senators Chandler (chairman), Dixon, Peffer, and Carlisle.

TESTIMONY OF A. B. NETTLETON, ASSISTANT SECRETARY OF THE TREASURY—Continued.

By the CHAIRMAN:

Q. Is there any further correspondence which you wish to put in in explanation of the fact that you left the \$15,000 note and the collateral in the Spring Garden Bank?—A. As explaining the entire situation in regard to any notes that may have been in the bank at the date of its failure, and following logically the letter which was put in, and is printed here (that is, an extract from it), I have two communications which I think ought to go in.

Q. Are those letters full copies of the originals?—A. They are, as I have them here. Whether the full copies shall go into the record will be left for the committee to say.

Q. Please read.—A. On the 27th of October, 1890, in answer to my letter of October 6, of the same year, portions of which are printed in the record at the close of the last day's hearing, Nelson F. Evans wrote to me the following letter:

[Extract from letter from Nelson F. Evans, dated Philadelphia, October 27, 1890, to A. B. Nettleton, the full text of which was read to the committee.]

Your letter of the 6th instant received, and after some delay on account of the pressure of other business, has been gone over by both myself and Mr. Kennedy.

We are willing to adjust the old account substantially in the way you indicate, and will ask you to send us the two notes of \$7,500 each, at four months, and the old notes will be returned to you. Should you not include in one of these notes interest from last June?

On the 11th of November I replied to Mr. Evans's letter, as follows:

[Extract from letter from A. B. Nettleton to Nelson F. Evans, dated Washington, D. C., November 11, 1890, the full text of which was read to the committee.]

* * * Pursuant to the arrangement and understanding reached by means of our recent correspondence, to wit, my letter to you, dated October 6, 1890, and your reply, dated October 27, I now inclose the following paper:

- | | |
|--|----------|
| 1. My promissory note dated November 10, 1890, at four months, payable at Spring Garden National Bank..... | \$7, 676 |
| 2. My promissory note dated November 10, 1890, at four months, payable at Spring Garden National Bank..... | 7, 500 |

The first named represents the originally guaranteed one-half of investment by yourself and Mr. F. W. Kennedy in the Winona and Southwestern Railroad Company, plus 6 per cent interest thereon from June 18, 1890.

The second note, \$7,500, is my accommodation note for the convenience of yourself and Mr. Kennedy, per correspondence above named.

All other notes of mine bearing upon or growing out of this transaction are to be returned to me canceled.

That is all the correspondence I have found or that I know anything about being in existence bearing upon the presence in the bank of any of the paper recited, prior to January 1, 1891.

Since I was last before the committee I have seen Mr. Evans at my hotel in Philadelphia, where I was present on business, and he has handed to me the original of my letter transmitting the two renewal notes which were in fact in the bank and not matured at the date of its suspension. The letter shows for itself that no press copy was preserved and that accounts for my not being able to find such copy.

The chairman read the letter as follows:

WASHINGTON, D. C., March 30, 1891.

DEAR MR. EVANS: I inclose—

- | | |
|--|--------------|
| 1. Accommodation note at four months from April 1, 1891..... | \$7, 500. 00 |
| 2. My note for..... | 7, 833. 35 |

At four months from March 13, 1891, as a renewal of the one matured March 13, 1891.....	7, 676. 00
And four months' interest.....	157. 35
	7, 833. 35

I add the interest to the principal, according to terms of my letter proposing this adjustment, which you had forgotten.

Sincerely yours,

A. B. NETTLETON.

NELSON F. EVANS, Esq.,
Philadelphia.

Mr. NETTLETON. That covers all the correspondence that I desire to put in.

The CHAIRMAN. That is all you have found that you desire to put in?

A. All that I have found at all bearing upon this matter.

Q. Have you found any letter from him to you? This letter of yours to Evans of March 30, 1891, was a reply.—A. None whatever.

Q. What is your recollection as to whether this was in reply to a letter he wrote?—A. My recollection is clearly this: That it was written and the inclosures sent in response to Mr. Evans's inclosing to me my two matured notes of \$7,500 and \$7,676.76.

Q. Your belief is that prior to writing this letter you had received from him the two former notes?—A. I know I had.

Q. You are sure of that?—A. I am perfectly sure of it.

Q. Do you remember how you got them?—A. I got them by mail.

Q. Whether with a letter of transmission or not, you can not remember?—A. I do not remember. Usually there was a transmission accompanying my surrendered notes; simply a memorandum attached.

Q. Apparently he had taken up those notes which he sent you with that check on the Keystone Bank, dated March 13?—A. That is the indication of the bank's books, as I understand it.

Q. And between March 13 and March 30 he had taken them up and sent them to you?—A. I think there is a mistake in the record; I think that both of those notes matured on the 13th of the month.

Q. The receiver says they did. The notes are not in existence, are they?—A. I think not; I have not found them.

Q. Do you know why you made one of the new notes on April 1, 1891, and the other on March 13, instead of making them both March 13?—A. Usually when I had two or more notes to make at the same time I preferred to have them mature at different dates.

Q. That is your way of accounting for that?—A. That is the only way.

Q. Your belief is that you did that in order that they would not both mature at the same time?—A. Yes, sir; that is my full belief.

Q. Why do you term this note an "accommodation note"?—A. For this reason: It was, and is, a note which Evans and Kennedy were to take care of themselves. You will bear in mind, if you remember far enough back, in the long letter which I read to you in full—

Q. Of October 6, 1890?—A. Of October 6, 1890, in which I recited the entire history of the matter. I did not agree to refund their investment of \$15,000 in money, but to give them my note, which they were to renew at my convenience, for one-half the amount, plus interest, and an accommodation note for the remainder, and then, at my pleasure, turn over to them property, which should be agreed upon, in cancellation of the latter, and that in case of my death this one should not be any claim. I remind you of that clause in the original letter.

Q. Therefore you treated this as an accommodation note?—A. As accommodation note. Of course, my obligation upon that to any third party was precisely the same as if the word "accommodation" was not used.

Q. We understand that. Can you now make any other explanation than you have already done of the fact that notwithstanding the giving of the notes in the fall of 1890 and their renewal in the spring of 1891, you allowed the \$15,000 note and the collateral to remain in the hands of Mr. Evans?—A. No other explanation than that which I made on a previous occasion, which is the real one.

Q. Did it occur to you, on March 30, 1891, when you sent this letter, that you had not received your \$15,000 note and the collateral?—A. I have no recollection at present that it occurred to me at all. If it had I should undoubtedly have reminded them of it.

Q. Did it not occur to you that you wanted to use that collateral?—A. It did not, for excellent reasons. It is a long story, and I hardly know where to begin. In the reorganization of the railway enterprise,

by means of a change of construction companies, the stock of the former construction company, named the Minnesota and Iowa Improvement Company, only a nominal amount of which was ever issued, namely, \$10,000, one-fourth of which I held—the stock of that company became of no value, and this assignment of a contract for the delivery of \$10,000 in first-mortgage bonds of the railway company was to take the place of that. Therefore I had no care at all about the certificate of stock, whether it was ever surrendered or not.

Q. The receiver states that, the \$15,000 note having been paid by the discount of these two notes given in the spring of 1891, he could not hold the collateral from you, as he understands it, but that you informed him that he might hold it. Is that correct?—A. That is not correct as you state it.

Q. As he states it.—A. I fully explained to the receiver just what I have now said to the committee in regard to the position and value of the stock and of the assigned contract, so that I did not bother my head at all about the certificate, whether it was surrendered or not.

Q. The receiver says:

While the rules of law might not give me the right to apply this last-mentioned collateral on account of the remaining liabilities of Mr. Nettleton, it having been pledged for a specific debt, he has informed me that as soon as the same has any value he will arrange for the proceeds thereof to be turned over on account of the said remaining liability.

Is that correct?—A. It is correct with my explanation that the contract for the delivery of the first-mortgage bonds was to take the place of the stock collateral, and that when anything was realized upon that he should of course have it.

Q. Did you so inform him, as he states? If so, when and where?—A. I did.

Q. Orally or in writing?—A. Orally in my office, some time last year. Just when I do not know. He has been here quite a number of times.

By Senator CARLISLE:

Q. I understand you, then, that if anything should be realized from this contract for the \$10,000 bonds you have stated to the receiver that it should be turned over on those notes?—A. Certainly; held sacredly for him.

Q. That conversation did not relate to the certificate of stock, which was originally deposited, because, you say, that ceased to be of value?—A. Ceased to be of value, yes; and I so informed him, and showed him why.

By the CHAIRMAN:

Q. But you allowed the collateral to remain there which he says you were entitled to take up, as I understand it?—A. I did.

Q. And you said that the bonds might go in in the place of that, and might be credited on account of your liability?—A. That is right.

Q. I wish now to call your attention to a statement made by you in your communication to this committee dated June 17, 1892, which is on page 201 of the testimony, where you state:

Upon the adjustment of the railway investment in 1890 and the resulting delivery to Mr. Evans of my two notes of \$7,500 each, my former accommodation note of \$15,000 was returned to me canceled.

Is that a correct statement?—A. That is correct with this explanation: If that language would properly bear the construction that it was done immediately upon the adjustment being agreed upon it would be misleading. The facts are precisely as I have testified,

Q. What you meant was that upon the adjustment of the railway investment in 1890, and the resulting delivery to Mr. Evans of your two notes of \$7,500 each, your former accommodation note of \$15,000 was not returned to you until the spring of 1891?—A. A better expression would have been: "Subsequent to the settlement of railway investment the note was returned to me canceled." That would be strictly and historically correct.

Q. Is the statement incorrect and misleading as it stands?—A. To this extent. If the language would naturally bear the construction that the note was surrendered immediately upon the adjustment, then it was an unhappy choice of words.

By Senator DIXON:

Q. The fact was that the note was returned subsequently?—A. Yes, sir.

By the CHAIRMAN:

Q. You have stated that it was sometime in the spring of 1891?—A. Yes, sir.

Q. Was it after the bank failed, you think?—A. The exact fact, which was brought to my knowledge and recollection by my recent conversation with Mr. Evans for the first time since the time it occurred, is simply this: That note was delivered to me on the morning of May 8, the date of the failure of the bank. I was in New York on business, and received a telegram asking me to stop off at Philadelphia. I did so, and then for the first time learned (this was about 9 o'clock in the morning, perhaps) that there was any talk in regard to the Spring Garden Bank. I met Mr. Evans, and he handed me, as he now informs me—I thought they came by mail—in an envelope, the two notes named in this testimony.

Q. The \$15,000 note and the \$7,500 note, which latter represented your original guaranty?—A. Yes; that is right

Q. How did he inform you that that note belonged to you; on what account? By reason of what fact did he tell you that it belonged to you?—A. It required no information. It was the same old thing which had been the subject of correspondence, and which I recognized immediately.

Q. When did you first learn that the bank had treated that note as paid by the discount of your two notes, the one dated March 13 and the other dated April 1, 1890?—A. By receiving the report of the experts appointed by the committee in Philadelphia after the suspension of the bank.

Q. You did not know it when he handed you the \$15,000 note on May 8?—A. I did not.

Q. You supposed at that time that it had been a canceled note from the fall of 1890?—A. I did not necessarily suppose that. I did not know. I did not ask the question how long that note had been permitted to be a live obligation of mine after they ought to have surrendered it in November, 1890, and only when the report of the experts came in, giving the showing of the books, did I know that it had been used or permitted to lie as an obligation until shortly before the suspension of the bank.

Q. At the time he handed it to you you believe you had no knowledge that it had been a live obligation from the fall of 1890?—A. I had none whatever.

Q. You considered your transmittal of the two notes to them as can-

celing that note as between you and Mr. Evans?—A. Certainly; and washed my hands of it.

Q. And you had no knowledge that that was not the transaction until Mr. Evans handed you the note on May 8, 1891?—A. None whatever.

Q. Will you tell the committee why you have not paid this \$26,230.25 note of March 1, 1892, given to the receiver?—A. The last clause in my statement submitted to the committee covers the case as far as I wish to cover it. I notified the receiver immediately upon the ascertainment of how much paper there was there in the bank, that as soon as the collateral could be realized upon for whatever it was worth and the proceeds applied I expected to take care of the remainder. I then began to make such arrangements for the disposition of property as would result in that. I have not completed those arrangements. That is all the answer I wish to make.

Q. I ask you again why you did not pay the note?—A. I have answered.

Q. Have you no other answer to give?—A. I have not.

Q. Do you understand that a maker of a note is not bound to pay it until the collateral is realized upon?—A. I have given my answer to your question.

Q. Do you decline to make any further answer to the question?—A. Of course I do not need to answer the question which you ask, I presume; I have no such understanding as your question implies.

Q. Then why do you not pay your obligation upon the note without regard to the collateral?—A. I have said to you that my arrangements for the sale of property for that purpose have not been completed.

Q. Do you mean to be understood that you do not mean to pay the note until the amount to enable you to pay off is realized from the collateral?—A. You do not need to be assured that I do not wish to be so understood.

Q. You do not wish to be so understood?—A. I say that you do not need to be assured that I have no such purpose or understanding.

Q. What is your purpose in reference to this \$26,230.25 note?—A. To pay it, of course.

Q. When?—A. As soon as I have disposed of property so as to be able to pay it from the proceeds of such property.

Q. Are you unable to pay it until that time?—A. You have my answer.

Q. I have no answer to the question. I ask you whether you are able to pay it before that time?—A. I am able to pay the notes when I have disposed of property and interests representing that value.

Q. Are you unable to pay it until that time?—A. I am not in position to draw my check for the notes to-day.

Q. You may look at the testimony taken before the Committee on Banking and Currency, pages 189, 190, 191, 194, and 195. Do you wish to make any statement not there contained in reference to your recommendation of Mr. Evans for the receivership of the Keystone Bank?—A. Not having seen this before, it will take a moment to run over these pages.

Q. You say you have not until now seen the testimony before the House committee contained on those pages?—A. I have not. (After a pause.) I think I have now read everything on the five pages cited relating to the appointment of Mr. Evans as receiver.

Q. Did you recommend Mr. Evans's appointment as receiver?—A. To this extent: After the failure of the Keystone National Bank, which,

as I remember, occurred in March, 1891, the Comptroller of the Currency had several conversations with me in regard to the bank, knowing that I had formerly lived in Philadelphia. On one occasion he mentioned the fact that if the then pending efforts to rehabilitate the bank by the stockholders should fail and a receiver be necessary a good man for that place would be required, and asked me whether I had any names to suggest. I suggested the name of Nelson F. Evans, and suggested in the same connection that if it came to be necessary to appoint anyone that he have Evans thoroughly looked up in Philadelphia, which he seems to have done.

Q. How long did you continue your recommendation in force?—A. I had no further conversation or communication of any kind that I remember of with Mr. Lacey or anyone else in regard to Mr. Evans subsequent to that one mentioned.

Q. Did you have any communication with him on the subject after that with Mr. Lacey?—A. At the close, yes. On the day that I came from New York to Philadelphia, on the morning of May 8, as I remember it, and learned that the Spring Garden Bank was likely to fail, and knowing that if it did it must impair the credit of Mr. Evans, a leading director, I at once telegraphed to Mr. Lacey that Mr. Evans desired his name not to be further considered.

Q. Was that at the interview when he gave you the \$15,000 note and the \$7,500 note?—A. The same interview.

Q. Did he give you any other note at that time?—A. None that I remember; I think none other.

Q. How long before that had you received the two \$7,500 notes that you had given in the fall of 1890?—A. I fully believe I had received the notes on the 14th of March.

Q. Between the 13th when they became due, and before the bank's failure?—A. The day after they were due. They may have reached me on the day of their maturity; I do not know. I have nothing to trace that by, but not far from that date.

By Senator CARLISLE:

Q. This is the telegram, Gen. Nettleton, I presume, that you sent from Philadelphia, dated May 8, 1891?

Hon. E. S. LACEY,

Comptroller of the Currency, Treasury Department, Washington:

Mr. Evans requests that his name be not considered further.

A. B. N.

A. That is right; that is my dispatch.

Q. Is that the one to which you referred?—A. Yes, sir.

At 11 o'clock and 45 minutes a. m. the committee adjourned.

BOSTON, MASS., *August 15, 1892.*

The committee met at 2 o'clock p. m. in the equity court room, United States Post Office building.

Present, Senators Chandler (chairman), Dixon, and Peffer.

The CHAIRMAN. The committee will come to order. In the absence of Senator Carlisle the only testimony that will be taken to-day will be that of Mr. Alfred Ewer, bank examiner. Is Mr. Asa P. Potter present?

Mr. HOWE. Yes, sir.

The CHAIRMAN. Mr. Potter is present in response to the subpoena?

Mr. HOWE. He is present in response to the subpoena.

The CHAIRMAN. We will ask Mr. Potter some questions to-morrow morning between 10 and 11 o'clock, after Senator Carlisle has arrived.

Mr. HOWE. Mr. Potter will be in attendance at 10 o'clock to-morrow morning.

TESTIMONY OF ALFRED EWER.

ALFRED EWER, being duly sworn, testified as follows:

By the CHAIRMAN:

Q. State your residence.—A. No. 23 Schuyler street, Roxbury, Mass.

Q. What is your present official position under the Government?—A. I am a national bank examiner.

Q. State how long you have been connected with the Bureau of Currency as assistant bank examiner, or bank examiner.—A. I became assistant to Mr. Magruder February 25, 1884.

Q. What had been your previous connection, if any, with the Government?—A. Nothing.

Q. What had been your previous employment?—A. I had been in the Continental Bank for a series of years, and in the National Bank of Redemption, both in Boston.

Q. What was your function in connection with these banks?—A. I occupied almost every position in the Continental up to and including that of paying teller. I went in as a general clerk.

Q. State what your duties were when you first became connected with United States bank examinations.—A. My duties were to go with Mr. Magruder, the examiner, and assist him to make the examination of the banks. My particular part of the duty was with the accounts, the detail accounts, for most of the time.

Q. You were a competent bookkeeper, were you not?—A. I felt so.

Q. State by whom you were employed and how you were paid during the time you were an assistant bank examiner.—A. I was employed by Mr. Magruder; I was paid by him up to—I can not remember the year now.

Q. About what time?—A. I think it was in 1885, 1886, or 1887; it may have been 1888.

Q. What took place then?—A. There was an arrangement made by which the clearing house association was to pay me a portion of my salary, Mr. Magruder to pay me the balance.

Q. When did you first have an appointment in any form from the Comptroller of the Currency, so that you became in form as well as in fact an employé of the Government?—A. I suppose that would be the

date of my commission; not the time it was received. My commission is dated the 19th day of July, 1890.

Q. Before that time you had no appointment directly from the Department?—A. No, sir.

Q. And you considered yourself in the employment of Mr. Magruder?—A. Yes, sir.

Q. Have you acted under that commission since that time down to a few days before the Maverick Bank failed?—A. Yes, sir; except that there was a time after I had been at work, perhaps two months or a trifle more, that I went back and resumed my original duties with Mr. Magruder, still holding the commission, however.

Q. Still holding the commission given you in 1890?—A. Yes, sir; in 1890.

Q. You may state whether or not you were put in sole charge, by the Comptroller of the Currency, of the matters connected with the Maverick National Bank shortly before the failure of that bank. If so, give the date.—A. I have a letter from the Comptroller of the Currency, dated October 30, 1891, in which the following language is used:

After fully discussing the situation I have decided to clothe you with the full powers of a national bank examiner, with authority to act as the exigencies of the case may require.

Q. What is the date of that?—A. October 30, 1891.

By Senator DIXON:

Q. From whom is that letter?—A. Mr. Lacey.

By the CHAIRMAN:

Q. Is that the letter which is found on page 118 of the testimony taken by this committee?—A. I should say it was, yes, sir, without reading it all through. It has the resemblance.

Q. Is not the letter printed also on page 89 of the testimony taken by this committee apparently a correct copy?—A. I should say it was.

Q. Apparently it is the same letter, dated October 30, 1891. Look at page 90 of the testimony, where there is a letter from Comptroller Lacey to you, dated October 31, 1891.—A. Yes, sir.

Q. Was that letter received by you?—A. My recollection is that it was. I have not that letter here.

Q. Assuming those letters to be correct in the text—A. I have no question about it in my own mind.

Q. Assuming those letters to be correct, was the letter of October 31 the last instruction which you received from the Comptroller before closing the bank?—A. My recollection is that the letter of October 31 was not received until the first or second day of November.

Q. After you had closed the bank?—A. Yes, sir.

Q. In that event you closed the bank under authority of the letter of October 30?—A. Yes, sir; October 30.

Q. You may turn to page 118 of the testimony, where, in the letter of the Comptroller to Hon. Mr. Cox, of the House of Representatives, dated March 24, 1892, Mr. Lacey makes this statement:

That upon the delivery by Mr. Hutchins of his letter of October 30, 1891, to you, Mr. Magruder being at this time dangerously ill, you entered upon a further examination of the assets of the Maverick National Bank, and upon the 1st day of November came to the conclusion that the bank was insolvent, and immediately took possession of its assets under the order of the Comptroller, and closed its doors.

Looking at that, will you state whether you remember any order of the Comptroller which he can mean other than the letter of October

30, 1891? Have you any recollection of any other?—A. No, sir; I should say it was the letter of October 30. The only thing that makes me hesitate is that that letter might have taken over a day to get from Washington.

There was no subsequent authority?—A. I have another letter which has the same items. I think it is a subsequent letter.

Q. Do you remember whether you telegraphed to Washington and received a telegraphic order to close the bank or not?—A. I telegraphed to the Comptroller, but received no reply back, that I remember.

Q. Do you cite any other authority to close the bank beyond what already appears; according to your present recollection?—A. I would say it was under this letter of instructions that I closed the bank.

Q. You may state in your own language why you closed the bank?—A. Upon receiving this letter, and after consulting with the clearing-house committee, and being asked by them what I should do, I said to them that I would commence an examination of the bank. My recollection is that this was received on Friday, and I commenced the examination on Saturday. It may not have been received until Saturday morning. That I can not say from memory. I did commence an examination on October 31, at 3 o'clock under this authority.

Q. Go on and state why you closed the bank?—A. There were five special items in the instructions. I took the letter as a whole. In the first place, I found that the bank had liquidated in the last few days, perhaps a week, about \$2,000,000 of its indebtedness. I found that the bank was insolvent, and on Sunday, November 1, I called at the office of the Second National Bank, where the clearing-house committee was in session. In talking with the different members of the committee I concluded to send a telegram, which I did send. I have it here in cipher.

Q. Give it.—A. I have not the chart.

Q. State it literally.—A. I expected I would have my chart with me, but it has been returned to the Department. I doubt if I could translate it.

Q. What is the substance of that telegram?—A. The substance of it is that the bank was insolvent by \$1,000,000; that I had taken possession of the bank; that there was so much cash on hand, and that I awaited instructions in the bank's care.

Q. Is there a copy of that telegram in the printed testimony?—A. No, sir; I have not seen any.

Q. Will you procure a copy and furnish it to the committee?—A. I can give you a copy of the words I sent. I have not the cipher code, it having been surrendered to the Department.

Q. Can you give us a translation?—A. No, sir.

Q. We do not care about a copy unless you can give us the translation.—A. The code has been changed.

Q. You have stated the correct substance of the telegram?—A. I feel so.

Q. At all events, on Monday morning—which was what date?—A. November 2.

Q. You took possession of the bank?—A. Yes, sir.

Q. And your judgment at that time was that it was an insolvent bank?—A. Yes, sir. There is another clause here which I have not read:

You will generally take such measures as will aid the bank, if solvent, and protect its creditors, if insolvent.

Q. Is there a clause there directing you to close the bank in case the clearing-house committee shall suspend it from the privileges of the clearing house?—A. Yes, sir.

Q. What was the decision of the clearing-house committee on that point, whether they would or would not suspend it?—A. The clearing-house committee was at work on this Sunday sending notices to the members of the association of a meeting to be held the following day, which was Monday, to consider the question of expelling the association from the clearing house.

Q. So you acted without waiting?—A. Yes, sir.

Q. Mr. Beal, the chairman of the clearing-house committee, subsequently appointed receiver of the bank, had written the Comptroller, had he not, a letter dated Boston, October 29, 1891, which is found on page 88 of the printed testimony, in which he stated that three of the directors, Messrs. Potter, French, and Dana, owed the bank, as direct promissors or as indorsers, or as guarantors of notes signed by clerks of the bank and others, about \$2,490,000, of which Mr. Potter owed about \$1,350,000. That letter had been written by Mr. Beal, as you understood?—A. As I understood.

Q. And that letter had written on its face "Approved, F. Haven, jr., Moses Williams, Phineas Pierce, A. L. Newman." Who were they?—A. Those gentlemen, together with Mr. Beal, composed the clearing-house committee.

Q. This letter had been taken on by Mr. Hutchins, who was the counsel of the clearing-house committee, and afterwards became counsel for Mr. Beal, the receiver?—A. That is as I understand.

Q. Now, you may state what you did after taking possession of the bank on Monday, November 2, and prior to the time when you turned the possession over to Mr. Thomas P. Beal, the receiver?—A. On Monday, November 2, a large mail addressed to the bank was received, and I made arrangements with the employés through Mr. Work or Mr. Domet, the cashier and assistant cashier, respectively, of the bank, to have the mail taken care of, and the contents collected for the owners. That was a very heavy mail, and required a great deal of work.

Q. You took steps to prevent remittances, coming after that time, from being put in with the assets of the bank?—A. Yes, sir; and to protect all parties by collection or protest.

Q. Now go on and state in a general way what you did as examiner.—A. That work took a great deal of time. The mail was constantly coming in for the next seven or eight days, and collection of the bank's notes was made in the same way, by being sent to another bank for collection, and the proper records kept under my direction.

Q. You mean you gave personal attention to the business you are now describing?—A. I gave the general instructions.

Q. Did you immediately proceed to have a schedule made?—A. Yes, sir; I started schedules of all the liabilities and assets as soon as possible.

Q. Did you also make a schedule of everything within the precincts of the bank?—A. I gave directions to my assistant to do so.

Q. Including bank furniture, etc.?—A. Including bank furniture, trunks, boxes, etc., and books. I do not know whether they scheduled every book; there were so many of them.

Q. Your direction was to make a schedule of everything within the four walls of the bank?—A. Yes, sir.

Q. You may state now by whom this work was done; whether you introduced any new persons into the bank, or whether you used the

old employes of the bank?—A. I did both; I used the old employes so far as possible, and I used my assistant and also another assistant.

Q. State the names of those?—A. Mr. Albert H. Wiggin.

Q. Who is now your assistant?—A. He is now my assistant. I had another temporary assistant by the name of James E. Ryder.

Q. Where is he now?—A. He is the bookkeeper of the Freeman's National Bank of Boston.

Q. Were those all the new persons you introduced?—A. Yes, sir; except that Special Examiner Lynch from Washington came on to assist me.

Q. How much was he there?—A. He was there, I should think, very nearly a month.

Q. It will be convenient to have you state now when you formally turned over the control of the bank to Receiver Beal and acquitted yourself of all further responsibility for possession.—A. I think that was on the 10th day of December. My books in the other room will show. I can not say from memory.

Q. Then you were in responsible custody for thirty or forty days?—A. Yes, sir.

Q. When was Mr. Beal appointed receiver—the 2d day of November?—A. During that first week.

Q. He was appointed immediately after you took possession of the bank?—A. Yes, sir.

Q. What function did he exercise during these thirty or forty days when you were nominally in possession?—A. My remembrance is that there were some settlements that he made with parties who were owing the bank.

Q. Was he in and out of the bank freely during that period—as freely as you were?—A. Yes, sir; perhaps he was not there as much as I was. I devoted all my time to it.

Q. State, if you please, how many of the employes of the bank you retained during that thirty or forty days and how many you discharged.—A. They were all there the first day, and I left that mostly to Mr. Work—

Q. The cashier?—A. The cashier, to arrange as he thought expedient.

Q. What instructions did you give him?—A. I can not remember any further than that it was a general instruction. "We do not need all of these. You keep all the clerks that you think necessary."

Q. And discharge the others?—A. And discharge the others.

Q. Were any discharged during the thirty or forty days?—A. Oh, yes, sir.

Q. Were any discharged during the first week?—A. I feel sure there were. I did not give that my personal superintendence. I can not state from knowledge.

Q. We understand that you did not personally conduct the whole business during that period, and are only expecting your impression as it rests in your mind.—A. The assistant cashier or cashier attended to that.

Q. You kept the assistant cashier and cashier during that time?—A. Yes, sir.

Q. Was Mr. Potter in and about the bank during that first week, and the forty days when you were in possession?—A. My recollection is that Mr. Potter was in there once during the first week. Whether he was in afterwards while I was there—and I think he was once, at

least—I do not know. I think that was before I had turned over possession.

Q. But he did not frequent the bank as the cashier or assistant cashier did?—A. No, sir; they were there every day practically.

Q. Was Mr. Potter ever denied access to the bank?—A. He never requested it of me.

Q. He never requested access to the bank, and you never denied it?—A. No, sir.

Q. Who was in charge of Mr. Potter's, the president's desk, at the time you took possession?—A. Mr. Potter's desk was outside the railing of the bank. It was locked during the first week, until some one took out the papers and packages, etc., and I found them in bundles at the side of his desk. I should think it was a week.

Q. Who opened it?—A. I do not know.

Q. Who furnished you with the bundles?—A. I found the bundles there, and Mr. Kellogg said they were papers which had come out of Mr. Potter's desk.

Q. Who is Mr. Kellogg, what were his duties, and where is he now.—A. Charles F. Kellogg. He was an employé of the bank; I think a general clerk.

Q. Where was he stationed with reference to Mr. Potter's desk?—A. His station was on a raised platform, as was Mr. Potter's, Mr. Kellogg being inside the railing, and in the apartment with the cashier's desk.

Q. Between Mr. Potter's desk and the cashier's desk?—A. No, sir; Mr. Kellogg's desk would be on one side, Mr. Work's in the center, and Mr. Potter's at the other side.

Q. Adjoining Mr. Kellogg's desk?—A. They did not join; there was a space between them.

Q. How much space?—A. Mr. Work's, the cashier, and Mr. Potter's desks were pretty close together, the railing separating them. Then there was a passage way or a space, perhaps 10 feet, between Mr. Work's and Mr. Kellogg's desk.

By Senator DIXON:

Q. The cashier's desk was inside the railing and Mr. Potter's was outside?—A. Yes, sir. Then across this apartment, the cashier's department, was Mr. Kellogg's desk.

By the CHAIRMAN:

Q. Was Mr. Kellogg, as a matter of fact, the clerk with whom Mr. Potter communicated in connection with the affairs of the bank; apparently placed in the bank for that purpose?—A. I do not know that I can answer that question.

Q. What is your impression as to the location of the desk. What do you know from your own observation?—A. Mr. Kellogg, I have understood, was a general clerk, to do anything he might be called upon to do by Mr. Potter, Mr. Work, or Mr. Domet.

Q. Where is the schedule of the personal property that was taken by you?—A. I have it in the other room, in the district attorney's room.

Q. Is it where you can place your hand upon it immediately?—A. Yes, sir.

The CHAIRMAN. I would like to have you procure it; we will wait for you.

(The witness procured the schedule.)

By the CHAIRMAN:

Q. Have you the schedules?—A. Yes, sir; schedule of special de-

posits at date of suspension; schedule of furniture and fixtures and valuable papers at date of suspension.

Q. You may state whether you learned while you were in possession that there were any boxes or trunks deposited in the bank by private persons, which belonged to them, to any extent; if so, to what extent.—

A. I found several trunks and boxes, a number of parcels and packages; some of the packages were marked, and some of the trunks were marked; I do not think they all were.

Q. Were they all described upon the lists?—A. I gave instructions to have that done.

Q. Did you, while you were in possession, deliver or surrender any of these trunks or boxes?—A. No, sir.

Q. None of the boxes or receptacles were delivered, to your knowledge, while you were responsible?—A. I can not say whether Mr. Beal asked me for any boxes previous to the date he signed for them or not. I do not think he did.

Q. That is your impression?—A. That is my impression. I have no recollection of any box being delivered.

Q. According to any knowledge you have of any being delivered, it is your impression the delivery was after the transfer had been made to Mr. Beal?—A. I should say so.

Q. Did you see during this period any trunk that has since been claimed by Mr. Potter?—A. Yes, sir.

Q. Describe that trunk.—A. It was a trunk covered with black leather. I should think it was about 2 feet long by 1 foot wide, and 10 inches high.

Q. How is that listed on your schedule; see if you can identify it?—A. I looked here once and did not see it. I do not know that it is here now.

Q. If you see what you recognize as that box listed on the schedule before the adjournment of the committee this afternoon you will please call attention to it. You need not look any further at this time.—A. There are quite a number of pages of this schedule.

Q. Where had you seen this box before the failure of the bank and before you took possession of the bank?—A. I had seen it in front of Mr. Kellogg's desk, so that it would be at the right hand of his chair as he sat at his desk.

Q. Had you seen it open or closed, or both?—A. I had seen it open. Whether I had seen it closed or not at that place I can not say. I have seen it closed in the safe. I have seen it open at the desk.

Q. You are speaking of the time anterior to the 2d of November?—A. Yes, sir.

Q. State more particularly whether that box had any mark on it on the outside.—A. I have never seen any mark.

Q. Either inscribed on the box or on a tag affixed to the box?—A. I have never seen anything to indicate any name or tag.

Q. A plain, black box without distinguishing marks is the way you describe it?—A. Yes, sir.

Q. Who had the key to it when you saw it before the 2d of November, 1891?—A. I do not know from knowledge.

Q. Had you seen the key inserted and the box opened?—A. Not to my recollection.

Q. What knowledge had you prior to November 2 of the use to which the box had been put?—A. I shall have to go back in order to answer that question to the examination of August 18, 1891.

Q. Go back as far as you please and state fully all you know about

that box and its contents prior to November 2, 1892.—A. There was a note in the bank at that time made by L. O. Garrett.

Q. At what time?—A. August 18, 1891. That note, while it did not call for any collateral, I understood was protected by certain deeds of land. That I learned through Mr. Charles F. Kellogg. He told me he had the security for the Garrett note, and my recollection is, he said it was in Mr. Potter's trunk. On taking possession October 31, having this in mind that there was something of the bank's property in that trunk, I called for it, and there were several deeds of Florida lands given to me by Mr. Charles F. Kellogg in response to my request.

Q. Had you any other knowledge of the contents of that box, either direct or from hearsay, prior to October 31?—A. Only from hearsay.

Q. What have you understood in reference to the box?—A. I have understood it was Mr. Potter's trunk, that is all.

Q. Now you may state what you know about that box after October 31, down to the time of your delivery of the possession to Mr. Beal.—A. At the time I discovered these bundles outside of Mr. Potter's desk and around his desk, I asked what they were, and, as I have testified, was informed they were the papers from Mr. Potter's desk. I had them opened, and as well as I could saw what they were. The only papers that were taken out were some papers that Mr. Charles F. Kellogg said were trial balances of Mr. Potter. Those I felt should not be taken out of the bank, and I instructed him to take care of them, and perhaps it would be best to put them in Mr. Potter's trunk.

Q. Did you allow all the rest of the papers to go into Mr. Potter's private possession?—A. Yes, sir.

Q. Did you understand that those bundles had come from the black trunk or from the desk?—A. The desk.

Q. You understood they came from the desk. Now go on about the trunk, continuing this up to the time while you were in responsible possession.—A. After turning over the assets and the different properties to Mr. Beal, I specially cautioned him to be careful what he did with that trunk, and not to deliver it to anyone unless he consulted with the United States attorney.

Q. During this period had you any further knowledge of the contents of the box?—A. No, sir; except—and I think this was afterwards—that I had this knowledge—

Q. Your impression is that the transaction was afterwards?—A. Yes, sir.

Q. And you think during the period while you were responsible you had no further knowledge of the contents of the box?—A. I did not personally see it during that time—I mean see it open. I saw it of course in the safe.

Q. You gave this caution to Mr. Beal?—A. Yes, sir.

Q. During these forty days while you were in possession, did Mr. C. F. Kellogg have access to this trunk, as far as you understand?—A. Mr. Kellogg was in the bank for several days after the failure. I do not know how long.

Q. Do you know how long he continued in your employ?—A. I suppose the papers will show, but I have not a memorandum with me.

Q. Have you a recollection whether it was a week or a month?—A. I should say it was a week.

Q. During that period he had access to this trunk, so far as you were aware?—A. Yes, sir; if he were a mind to take the opportunity.

Q. If he had the key to it?—A. And if he had the key; he had the opportunity.

Q. What other trunks which have been claimed by individuals did you have knowledge of during this time?—A. There was a trunk belonging to Mr. Kelsey, one of the employés.

Q. Give his full name.—A. Charles E. Kelsey.

Q. Was that labeled?—A. Yes, sir; it was labeled.

Q. Were there any others?—A. There was one belonging to Mr. A. C. Jordan. They were both employés of the bank.

Q. Were there any others?—A. I have no recollection now of any others; possibly there were.

Q. Do you remember any trunks on deposit by depositors of which you had knowledge during that time?—A. I do not recall any now.

Q. Then we are to understand there was not a large number of depositors' trunks, so large a number that they would have been likely to have come to your attention as an examiner in possession?—A. There was quite a number of trunks on top of one of the safes; perhaps fifteen or twenty, small tin boxes and larger tin boxes.

Q. Did you have any knowledge that any of these belonged to depositors of the bank—outside persons?—A. I think I did, but I do not remember now.

Q. You do not remember?—A. I do not remember any names now.

Q. Do you remember any trunk that was afterwards claimed by Mr. Charles A. Sinclair?—A. No, sir.

Q. Did you ever hear of that trunk?—A. I think some time prior to the failure I heard of such a trunk.

Q. Prior to the failure?—A. Prior to October 31.

Q. What did you hear about it?—A. My recollection is that in conversation with Mr. Potter he said something about Mr. Sinclair's having a good deal of property in a little trunk in the safe.

Q. Was that some time when you were making an examination of the bank?—A. No, sir; I do not know when it was.

Q. How would this conversation happen if it were prior to your taking possession and not at a time when you were making an examination?—A. It was during the week prior to the closing of the bank.

Q. I see.—A. It was while I was called in there for some reason or another.

Q. You think it was within that period?—A. I think it was within that week.

Q. Did you see the Sinclair trunk after you took possession?—A. I never saw it, to my knowledge.

Q. Was it delivered to any person while you were in there?—A. Not to my knowledge; not by any direction of mine.

Q. You may state whether subsequent to Mr. Beal's coming into possession that trunk was opened, to your knowledge.

The WITNESS. Which one?

The CHAIRMAN. The black trunk—the Potter trunk.

The WITNESS. Prior to what time?

The CHAIRMAN. At any time after you surrendered possession to Mr. Beal?

The WITNESS. Of course I do not know what Mr. Beal has done with the trunk since I surrendered it, except that I have seen it in the district court room.

Q. You have seen it in the district court room?—A. Yes, sir.

Q. Have you knowledge, either direct or from others, that that trunk has been opened?—A. I have understood that it has been opened.

Q. State what you understand about it, who was present when it was opened, so that we may know whom to send for.—A. I understand

it was opened in the presence of Mr. Potter, Mr. Beal, and Mr. Hutchins, and I think Mr. Hyde.

Q. Where did you understand it was opened?—A. At the banking rooms.

Q. What, if anything, did you understand was taken from it?—A. I understood a paper was taken out in reference to Boston and Maine stock.

Q. Boston and Maine Railroad stock?—A. Boston and Maine Railroad stock.

Q. State what you understood that paper to be, how prepared, and what it was.—A. I never have seen the paper.

Q. You are now stating hearsay. State what you heard.—A. I understood it to be a statement of certain stock of the Boston and Maine Railroad that Mr. Potter was interested in. Whether anyone else was interested in that matter or not I do not know.

Q. You have been as bank examiner in Boston since that time?—A. Yes, sir.

Q. As bank examiner you have learned that that paper was taken out?—A. I have learned that it was taken out.

Q. Have you learned, or have you any reason to suppose, that any further contents of the trunk have been removed?—A. No, sir; I know of no other.

By Senator DIXON:

Q. Was it a certificate of stock?—A. It was not in the shape of a certificate, but it was a paper. I should think it to be a description of the stock and a statement concerning it.

By the CHAIRMAN:

Q. Did you ever see the paper?—A. Not to know what it was really, but I have a faint recollection.

Q. Did you ever hear what that paper purported to be?—A. I have a faint recollection of seeing that paper in the hands of Mr. French or Mr. Potter.

Q. Which you understood might be that paper?—A. Yes, sir.

Q. Was it in manuscript?—A. It was in typewriting. Of course this is hearsay; I know nothing.

Q. I understand. You are before the committee for information on that point. Messrs. Hyde, Beal, Potter, and Hutchins were the parties, Mr. Hutchins being counsel for the receiver?—A. Yes, sir.

Q. If anyone knows about the facts they will know them, will they not?—A. I should say so.

Q. Did Mr. Potter make any claim upon you for the trunk as being his private property during these forty days?—A. No, sir.

Q. Did you take any steps to prevent Mr. Kellogg or Mr. Work or the assistant cashier from taking papers out of that trunk?—A. No, sir. If I had felt that they would have done so I would have taken extra care.

Q. You had no apprehension that they would?—A. No, sir.

Q. Did you have confidence in the officers of this bank after you had decided it to be insolvent and had taken possession of it?—A. That is a pretty hard question.

Q. You may answer it as you please. You evidently had a certain amount of confidence.—A. I felt at that time that Mr. Kellogg was trustworthy.

Q. You believed so?—A. I believed so.

Q. Did you know that Mr. Kellogg was a promisor on large notes at

the Maverick Bank at that time?—A. I knew he was a promisor on one at that time.

Q. How large was it?—A. My opinion is it was somewhere in the vicinity of between \$30,000 and \$40,000.

Q. I will not ask your opinion. I will only ask you to state facts.—A. I did feel that these gentlemen were trustworthy at the time I kept them there.

Q. And, moreover, if you had not kept them you would not have known exactly how to handle the bank?—A. No, sir; I felt it was a matter of necessity.

Q. You knew also that you were to turn the property over to Mr. Beal, the receiver, as soon as you could do so?—A. Yes, sir.

Q. You gave him unlimited access to the bank from the time you went in?—A. I do not believe Mr. Beal had access to everything. I know that he did not until after I turned the possession over to him. I kept the notes and securities and cash in my possession.

Q. State more explicitly what you did to guard against any maladministration?—A. The notes and securities of the bank, together with the cash, I kept under my personal control—that is, through my assistant and the clerks of the bank—and locked them up every night until they were finally turned over. The cash I deposited at the subtreasury in Boston, and the notes that were maturing I had collected by the Second National Bank of Boston.

Q. Those important points you endeavored to cover personally?—A. Then there were collections and other property that I left in the hands of the collection clerk.

Q. For the rest you were obliged to trust the cashier and his clerks, supervised by the assistants you put in there, and Mr. Lynch?—A. Yes, sir.

Q. How much was Mr. Lynch in and about the bank?—A. He was there almost constantly from the time he arrived until he left; about thirty days.

Q. How soon after November 2 did he arrive?—A. I think four or five days.

Q. Where is he now?—A. I do not know.

Q. Is he a regular bank examiner?—A. He is a special examiner.

Q. You may state how much you were with Mr. Magruder from the time you took service with him down to his death.—A. I was with him daily from 1884 to August, 1891, with the exception of two months in the year 1890, when he took a vacation. Except, perhaps, for two or three days, when I would be away or he would be away, it was almost continuously.

Q. Have you examined the banks alone when he was absent, if there were examinations to be made?—A. With another assistant.

Q. Mr. Magruder's business and yours was to examine the Boston banks, was it?—A. Yes, sir. That included Roxbury, which is a suburb of Boston, East Boston, and at one time South Boston. There was one bank over there. There was a time when it did include the Merchants' National Bank of Lowell.

Q. Do you know whether Mr. Magruder was a clerk in the Maverick Bank before he became bank examiner?—A. I have heard so. I have not personal knowledge.

Q. What have you understood?—A. I understand that Mr. Magruder was an employé of the Maverick National Bank at one time.

Q. When Mr. Potter was president?—A. Yes, sir.

Q. What did you understand as to his continuing in the employ of

the bank; when did he cease to be so employed, and what did he next do?—A. I do not know when he ceased. He became an examiner, I think, in 1881. I should judge so from the records in the office.

Q. Did you understand that he went directly from the employment of the Maverick National Bank to the position of national-bank examiner?—A. I never thought anything about it.

Q. What is your impression now?—A. Practically I should say that might be the case. That was before my interest in the matter. That was in 1881, and I did not become his assistant until 1884.

Q. Look at pages 55 and 62 of the testimony containing the examiner's report of August 18, 1891. State how you find the report signed.—A. Signed by J. W. Magruder and myself as examiners.

Q. Signed "J. W. Magruder, examiner, Alfred Ewer, examiner?"—A. Yes, sir.

Q. You were then his assistant in fact?—A. I considered myself so.

Q. You may state what knowledge you had of the relations existing between Mr. Magruder and Mr. Asa P. Potter?—A. I do not know of any relations.

Q. Were they not intimate?—A. I do not have any knowledge of their being any more intimate than Mr. Magruder was with others.

Q. State any facts that you know of, tending to show intimacy between the examiner and the president besides the fact that Mr. Magruder had been in Mr. Potter's employ.—A. I have heard that Mr. Magruder occupied one of Mr. Potter's cottages at Nantasket.

Q. Do you know in fact, or only from hearsay?—A. I do not know anything about it.

Q. Were you ever at the cottage yourself?—A. No, sir.

Q. Did you ever discover any improper relations between Mr. Magruder and Mr. Potter and the bank?—A. No, sir.

Q. Relations which you would consider improper?—A. No, sir.

Q. Did you ever know or have you discovered up to this time any evidences of business transactions between the two?—A. In the expert examination that I made I came across a record of a note purporting to have been signed by Mr. Magruder.

Q. What was the amount of that note?—A. I have no recollection now.

Q. Was it a large note, as large as \$40,000?—A. Yes, sir; I should think in that vicinity.

Q. Was that a note discounted at the bank?—A. It appeared to have been.

Q. Do you remember what collateral was put up for that note?—A. No, sir.

Q. Or whether any collateral was put up?—A. I do not remember. I have a record of it somewhere in the papers.

Q. Did you discover more than one note of Mr. Magruder discounted at the bank?—A. No, sir.

Q. You have never discovered but one?—A. No, sir.

By Senator DIXON:

Q. Had that note been paid at the time you made the examination?—A. I never have seen the note.

By the CHAIRMAN:

Q. You have not been directed by anyone to investigate the records of the bank to discover evidences of improper relations between Mr. Potter and Mr. Magruder?—A. No, sir.

Q. You have not made any search for that purpose?—A. No, sir.

Q. And you do not remember any note but this one?—A. That is the only one I remember.

Q. Do I understand you to say that you have no knowledge of any loans of money by Mr. Potter to Mr. Magruder?—A. I have none.

Q. Did you ever hear of any?—A. I have heard—within ten days, I should say—that there had been loans.

Q. Were any details given you which would enable you to put the committee in search of the facts?—A. The only thing I heard was through Mr. Allen, United States attorney.

Q. That you need not state. You may now state whether or not Mr. Clarence Johnson, clerk of this committee, and Mr. William D. Chandler waited upon you some ten days ago for the purpose of making an examination of the records of the Maverick Bank.—A. I think it was within ten days.

Q. Within ten days?—A. About a week.

Q. With a request from the chairman of this committee that you would give them such information as the records afforded?—A. Yes, sir.

Q. State whether you gave them access to the books.—A. I gave them all they asked for.

Q. State where the books and records, securities and documents, valuable and valueless, of the Maverick National Bank are to be found. I do not mean in what particular locality, but in whose custody are they?—A. There is a number of books and papers in this building; a number of books and papers and I presume securities in the office of the receiver, 75 State street, and I have heard that a great many books and papers are in a storage warehouse in this city—the Boston Storage Warehouse—and some more in another building, I do not remember the name of the street.

Q. Deposited by whose authority?—A. I think some were carried up by direction of the receiver, and I have an indistinct idea that the bank had previously used these places for storage.

Q. Before the control of the bank passed to the receiver?—A. Yes, sir.

Q. Presumptively, I suppose the receiver is responsible for everything?—A. Yes, sir.

Q. You understand that certain papers and documents have gone into the hands of the district attorney?—A. Yes, sir.

Q. What have you in your responsible control connected with the records of the Maverick National Bank?—A. I have these schedules of liabilities and assets.

Q. Those are the originals, copies of which have gone to Washington?—A. Yes, sir; I kept one copy, which is my receipt from Mr. Beal for the property turned over. Duplicates have been sent to the Department. I have also a book of certain transactions made while I was in charge. I consider those my property.

Q. You do not consider these last as pertaining to the bank?—A. No, sir; except that they are connected with the bank; that is all. They are my receipts. I have some of the bank's retained copies of reports of condition.

Q. Is there anybody who is responsible for the custody of any of these records except, primarily, Mr. Beal; second, the district attorney; third, yourself?—A. Not that I know of.

Q. And among the three all necessary information should be obtained?—A. Yes, sir.

Q. It appears that Mr. Magruder made a special report concerning the affairs of this bank to the Comptroller of the Currency January 7,

1891. Will you turn to that report, which begins on page 32 of the testimony, and go along to the signature. On page 36, I think, you will find it, "J. W. Magruder, examiner;" your name is not annexed?—A. No, sir.

Q. Did you help make that examination?—A. Yes, sir.

Q. When is the first report printed in the testimony which you did sign with Mr. Magruder?—A. August 18, 1891.

Q. The signature being contained on page 62?—A. Page 55, really. The report above this consists of the schedules.

Q. Now, state what the total indebtedness of Messrs. Potter, French, and Dana appears to have been from these reports?—A. On page 45, in the recapitulation of the indebtedness of Mr. Potter, the figures are \$1,364,041.25.

Q. Next, Mr. French?—A. On page 47, in the recapitulation, Mr. French's indebtedness is stated at \$704,182.93; page 48, Mr. Dana's and the firm, the company, is stated at \$487,782.35. That is direct and indirect.

Q. Give the total amount of the indebtedness of those gentlemen.—A. \$2,556,006.53.

Q. That amount is subject to reduction by reason of duplications in the statement?—A. Yes, sir.

Q. And would reduce the total how much below \$2,500,000, in round numbers?—A. It might be in the vicinity of \$100,000.

Q. So that the indebtedness of these three persons just reported, with the qualifications mentioned in the reports, amounts to in the vicinity of \$2,500,000—a little less?—A. A little less.

Q. And these figures were given and transmitted to the Comptroller also at that time?—A. Yes, sir; I made out the schedules myself.

Q. Did Mr. Magruder go to Washington at that time and have a personal conference with Mr. Lacey, to your recollection?—A. Yes, sir, prior to sending those reports.

Q. Now, you may state how long prior to January, 1891, the bulk of this indebtedness of these three persons to the Maverick Bank had existed.—A. Prior to January, 1891, I knew very little about the loans of the bank. My duties kept me engaged on the book work and accounts.

Q. I am not asking you what knowledge you had then, but what knowledge you have now. How long, prior to January, 1891, did this indebtedness of these persons of \$2,500,000 exist?

The WITNESS. In what way—any way?

The CHAIRMAN. Take this summary of indebtedness as you and Mr. Magruder then made it up. How long had it existed; how long back must you go in order to materially reduce it, as you now understand the facts?

A. Quite a number of years.

Q. You would say the bulk of the indebtedness had existed for several years?—A. Yes, sir.

Q. In that form?—A. Not in that form necessarily; in different forms.

Q. In different forms, but in substantial amount?—A. Yes, sir.

By Senator PEPPER:

Q. Were interest payments made?—A. It was charged.

By the CHAIRMAN:

Q. The indebtedness was changed in form, but you say that upwards of \$2,000,000 had been the indebtedness for five years before 1891?—

A. For the whole of them.

Q. For the whole together?—A. I do not know to any degree of certainty what Mr. Dana and his firm's liabilities were prior to 1891, but it was considerable. Whether the whole amounted to two millions or not I do not know.

Q. How long—give your general recollection merely—would you have to go anterior to January, 1891, before you would reduce this sum of about \$2,500,000 below \$2,000,000?—A. I never made any figures to that end. I have made an examination, but for other ends.

Q. Never to sum it up?—A. Never to sum it up at any particular time. I did try to get at that, but I had to give it up.

Q. How long would it take you to make a statement similar to this for each January, from January, 1891, back five years?—A. I do not think it can be done; it might possibly.

Q. Do you not think an expert could work it out from the books?—A. I think it would be a very tedious process, but possibly might be done.

Q. An expert bank examiner, for instance, such as we have had in this city?—A. I would not want to undertake it.

Q. Could he not do it?—A. It is possible, I suppose.

Q. You never have undertaken to do it; you never have been asked to do it?—A. Not for that point. I started on a plan, which was to give that result, but I had to abandon it.

Q. State in a general way what you did ascertain when you tried.—A. I started with the first note that I found was discounted for Mr. Potter, and then there were some notes found discounted that I did not find on the tell-tale.

Q. What is the tell-tale?—A. The tell-tale is where the indebtedness of parties is summarized.

Q. So that the bank at any time could see exactly what any particular individual owed it?—A. Yes, sir.

Q. Was that book kept in the Maverick bank?—A. Yes, sir.

Q. How many volumes does it cover?—A. I think there are five.

Q. Are they all in existence?—A. Yes, sir.

Q. What is the reason you can not go back with these volumes and make up the statement which has been suggested?—A. I gave it up for the reason that I could not find the notes that I spoke of on this tell-tale.

Q. The tell-tale did not tell those facts?—A. No, sir. I have since learned within a day or two that those four notes were paid the very day they went in.

Q. That was probably the reason?—A. That was probably the reason, four notes of \$25,000.

Q. What notes were those?—A. One note for \$25,000, recorded as being signed by E. S. Winchester; another one by some one named Hight. I do not remember the names of the others. Those went out the same day.

Q. You have been informed that they were put in and paid the same day?—A. That accounts for their not being on the tell-tale.

Q. Can you state any other reason why this tell-tale will not show how much Mr. Potter owed on the first day of January, 1890, on the first day of January, 1889, the first day of January, 1888, and so on?—A. I do not know whether it will show all of the notes Mr. Potter guaranteed or not. My impression is that it will not, and if it will not it will be almost useless. I know I tried it and came to the conclusion it was a waste of time.

Q. What was the capital of this bank?—A. \$400,000.

Q. What is the legal limit of loans to any one person, firm, or corporation?—A. They may borrow 10 per cent of the capital.

Q. In this case being \$40,000?—A. \$40,000.

Q. I will read section 5200 of the national-bank act:

The total liabilities to any association, of any person, or of any company, corporation, or firm for money borrowed, including in the liabilities of a company or firm the liabilities of the several members thereof, shall at no time exceed one-tenth part of the amount of the capital stock of such association actually paid in.

That is the clause, is it?—A. Yes, sir.

Q. Mr. Magruder knew of these enormous sums in which these three gentlemen were indebted to the bank for many months, if not many years, prior to January, 1891?—A. I think so.

Q. Do you know whether he reported them to the Comptroller in any reports prior to those of 1891?—A. I have found from the press copies that he reported large amounts that these parties were interested in.

Q. Will you draw off from the letter-press copies to which you have referred the clauses where he has made such reports and state the date of the report from which they are made—not now, but before leaving town?—A. Yes, sir.

The witness subsequently furnished the following as extracts from examiners' reports.

[Extract from report November 26, 1884, page 4.]

In the existing state of the market, some of the loans to quite a large amount are inadequately secured, so far as the collaterals pledged could be realized upon for their payment. The president of the bank has assured me that in all such cases the loans are absolutely good by reason of guaranties which have been given for their payment.

[Extract from report December 26, 1885, page 2.]

The managers of the bank claim that with its small capital and the large amount of deposits to be employed it is impossible to do business without exceeding the limit to loans prescribed by law, but all such loans now existing are claimed to be good, and it is believed that they are so.

Among the excessive loans reported are:

Irving A. Evans & Co.....	\$48,085.46
Henry D. Hyde.....	40,111.59

[Extract from report March 31, 1887, page 2.]

The business of this bank is of the same general character that it was when reported upon at the examination of December 26, 1885, and the explanatory remarks with regard thereto written in that report are equally applicable now.

[Extracts from J. W. Magruder's report of examination of Maverick National Bank on May 29, 1888, page 3.]

Among the collaterals is a large amount of the stock of the West End Land Company, in which enterprise a number of the rich men of Boston, including some of the directors of the bank, are largely interested. The West End Land Company owns the common stock (the whole of it) of all the street railroads of Boston and a large quantity of valuable land and other property, and the enterprise promises to be beneficial to the citizens at large, as well as profitable to its projectors. Of the notes on which the stock in question is carried, notes amounting to \$163,267.75 are carried for a syndicate whose names are believed to make the debts good, independent of any collateral security, and notes amounting to \$1,120,294.35 are guaranteed by the president and another director, who, in addition to the West End Land Company stock, have fortified the debts by pledging a large amount of stocks and bonds of other kinds, which, with their guarantee, is claimed to, and there does not seem to be any reason to doubt does, make the operation a safe one for the bank beyond question. Of the notes on which the syndicate stock—to so describe it—is carried two exceed (each) the legal limit, and are among the excessive loans listed on page

— of this report. The notes are used as a matter of convenience, and if the responsibility were divided among the members of the syndicate the liability of each would be far within the legal limit, so that it may be that the indebtedness is improperly reported as excessive, but the facts are given so that the Comptroller may decide.

Among the excessive loans reported are:

[Page 7.]

\$59,706.61 to Asa P. Potter on his notes with collateral; \$30,000 paid during examination.

\$136,016.63 to Henry D. Hyde. \$126,016.63 on collateral; \$1,000 single name; \$9,000 indorsed.

\$48,878.02 to Jonas H. French on his notes. \$39,420.48 with collateral, and \$419.16 single name; and his overdraft \$5,536.38, and a check of his on the bank for \$3,500 carried as cash. As stated, the overdraft was made good during the examination, and the president stated that Col. French, who was absent as a delegate at the St. Louis convention, would arrange the indebtedness to meet the requirements of the laws immediately on his return. If the overdraft and cash item are not to be counted as part of the liability for money borrowed, the limit was not exceeded.

\$69,315.93 to C. G. Lenfest on his note, with collateral West End Land Company stock; syndicate.

\$57,632.85 to E. G. Frost on his note, with collateral West End Land Company stock; syndicate.

\$121,137.92 to Thomas Dana & Co., and to the various members of the firm, including the loans to Charles E. Raymond, of \$60,047.38 and \$43,049.08, explained on page 4 of this report, he being a member of the firm of Thomas Dana & Co., though the loans to him were not for the benefit of the firm. In addition to the above, there is a note of E. H. Pearson for \$5,000, indorsed by C. E. Raymond, and a note of John Fox, indorsed Raymond & Fox, Charles E. Raymond being a member of that firm, which is entirely distinct from the firm of Thomas Dana & Co. There is also a note of W. O. Delano, a member of the firm of Thomas Dana & Co., indorsed by the firm, and notes of other persons not members of the firm, amounting to \$95,000, indorsed by the firm. It seems impossible to decide how far these notes should be considered as increasing the liability of Thomas Dana & Co., if at all, but the facts are stated as they were found. The notes are claimed to be perfectly good, and are believed to be so. Thomas Dana & Co. as makers were on but one note, the amount of which was \$10,000. Thomas Dana is a director. N. B. Mansfield, a director of the bank, is liable on his own notes, amounting to \$24,112.38, and on notes indorsed by him amounting to \$238,500. Mr. Mansfield is a merchant in the South African trade, etc.

[Extracts from J. W. Magruder's report of examination of Maverick National Bank on June 29, 1889, page 4.]

The amounts that appear in the statement of resources and liabilities as due from and to State banks and bankers include balances due from and to bankers in England, Ireland, Scotland, France, and Germany, with which the bank does business. The amount due from State banks and bankers also includes \$156,787.85, due from the firm of Irving A. Evans & Co., bankers and brokers, Boston, which appears as an overdraft on the bank's individual ledger, but has been transferred to the item stated in this report, as the more appropriate place for it.

[Page 3.]

Also \$141,165.49 to Henry D. Hyde, secured in part by moneys, to be received on sundry contracts for sale of land in the city of Boston, to erect buildings on which the bank has advanced \$100,800 on the security of the same contracts (\$36,000 of the advance for building were paid during the examination and \$15,280 of H. D. Hyde's indebtedness and full settlement of the balance of the advances, and of the portion of Hyde's indebtedness, secured by the contracts, is expected very shortly.) Also \$222,788.99 indebtedness of N. B. Mansfield, the security for which consists in part of real estate, and will be found described with the other security held for his indebtedness on page — of this report.

Among the collaterals there continue to be held a large amount of the stock of the West End Land Company, which owns the common stock of all the street railroads in the city of Boston, and of the notes on which the stock in question is carried notes amounting to \$1,243,686.67 are guaranteed by the president and one of the other directors of the bank. The West End Land Company also owns land considered worth not less than \$3,500,000. The company is expected to be very profitable to its originators, who continue to hold large interests in it, among them being the president and a director of this bank.

[Page 4.]

Loans exceeding limit. Among those listed are the following:

\$118,502.04 to Thomas Dana & Co. and the individual partners, on collateral, single.

\$219,898.93 to Irving A. Evans & Co., on collateral; overdraft mentioned above additional.

\$40,542.12 to Jonas H. French on collateral.

\$141,165.49 to Henry D. Hyde on collateral and indorsement.

By the CHAIRMAN:

Q. I will here ask you whether you have the custody of any records concerning this bank as to which there is a doubt whether they belong to Mr. Magruder's estate or to the Government?—A. I have press copies of the examinations made by Mr. Magruder. I have a press copy of one that he signed jointly with me.

Q. To whom do they belong?—A. That is the question I wish someone would decide.

Q. Has anyone claimed them for Mr. Magruder's estate?—A. No, sir.

Q. Is there any administration of Mr. Magruder's estate?—A. Yes, sir.

Q. Where?—A. Mrs. Magruder is the administratrix.

Q. At what place?—A. She was on Long Island.

Q. I mean where were the letters of administration taken out?—A. Here, I think.

Q. In Boston?—A. There is a gentleman here who acts as her attorney. I can not think of his name now.

Q. Will you ascertain his name and inform the chairman of the committee?—A. Yes, sir.

(The witness subsequently furnished the name of Darwin E. Ware, of Boston, attorney for Mrs. Magruder, as executrix.)

Q. Do you know what estate Mr. Magruder left?—A. I have understood he left in the vicinity of \$30,000.

Q. Now to return, I read section 5239 of the bank act:

If the directors of any national banking association shall knowingly violate, or knowingly permit any of the officers, agents, or servants of the association to violate, any of the provisions of this title, all the rights, privileges, and franchises of the association shall be thereby forfeited.

Mr. Ewer, you have no doubt Mr. Magruder knew about the existence of that clause?—A. I have no doubt of it.

Q. Do you know any reason why he did not report this bank for a forfeiture of its charter by reason of these excessive loans?—A. My impression is that for some few years back the excessive loans were reported in one shape or another.

Q. And you will endeavor to inform the committee on that subject?—A. From these press copies.

Q. You were about going on a vacation when you were informed of the session of this committee, were you not?—A. Yes, sir.

Q. Have you been in the habit of taking long vacations?—A. I have taken but one for eight years.

Q. For how long?—A. Since 1884. I did get away in the summer of 1891.

Q. Where do you propose to go now?—A. To Jackson, N. H.

Q. Will you return here if the committee have occasion for your services?—A. I will.

Q. You were to look for descriptions of trunks in the schedules and to indicate any that you recognize there either as Mr. Potter's or Mr. Sinclair's and to indicate it to the committee?—A. Yes, sir.

Q. Did you ever hear of the firm of Irving A. Evans & Co.?—A. Yes, sir.

Q. Have you drawn up a statement of the settlement made by the bank with Irving A. Evans & Co., about ten days before it failed?—A. Yes, sir; in the rough, I have not given a copy of the agreement. I have given the detail of the settlement.

Q. Is this [indicating] a correct memorandum as you made it up?—A. Yes, sir.

The memorandum of settlement is as follows:

Memoranda of settlement of indebtedness of Irving A. Evans & Co. to the Maverick National Bank of Boston, as ascertained from an examination of the books and papers of said bank.

The indebtedness of Irving A. Evans & Co., direct and indirect, on October 22, 1891, the date settlement appears to have been made by the bank with the firm, appears to have been \$641,326.52, of which \$57,060.20 was an overdraft of the firm's account, and \$50,000 the amount of two dishonored checks of the firm, and \$50,000 in notes of Louis Ross, indorsed by firm, the balance of \$484,266.32 being due on notes as follows, viz:

Irving A. Evans & Co	\$15,000.00
Irving A. Evans & Co., balance of \$150,000 note.....	106,282.50
Irving A. Evans & Co., balance of \$45,000 note.....	38,480.00
J. H. Day, indorsed Irving A. Evans & Co.....	25,000.00
Scott F. Bickford, indorsed Irving A. Evans & Co.....	40,000.00
C. Henry Knapp, indorsed Irving A. Evans & Co.....	40,000.00
E. W. L. Nichols, indorsed Irving A. Evans & Co.....	22,000.00
E. G. Frost, guaranteed Irving A. Evans & Co. balance of \$16,609.62....	14,503.82
C. V. Goldthwait, indorsed Irving A. Evans & Co.....	38,000.00
W. S. Bliss (member of firm) indorsed Irving A. Evans & Co.....	10,000.00
A. B. Toby (member of firm), indorsed Irving A. Evans & Co.....	15,000.00
C. J. Colan, indorsed Irving A. Evans & Co.....	36,000.00
E. W. L. Nichols, indorsed Irving A. Evans & Co.....	35,000.00
J. H. Day, indorsed Irving A. Evans & Co.....	15,000.00
C. G. Lenfert, indorsed Irving A. Evans & Co.....	34,000.00

484,266.32

The amounts of these notes (\$484,266.32) were credited to loans and discounts as paid; \$57,060.20 was credited to the firm's account to settle the overdraft, and \$50,000 dishonored checks taken from cash. There was charged to sundry-bond account No. 1, \$51,250 for 1,850 shares Cleveland and Canton Railroad preferred stock and 50 shares Charles River Embankment Company, and to sundry-bond account No. 1 there was also charged \$34,090 for \$10,000 United States Book Company's 6 per cents; \$2,550 bonds and scrip of the Jacksonville, Tampa and Key West Railway Company, series B, 6 per cent; \$3,000 Bay State Gas Company, incomes; \$1,000 Cleveland and Canton Railroad first mortgage, 5 per cents; \$18,000 Santa Fe Copper Company's first mortgage, 7 per cent bonds, and \$1,000 Atchison, Topeka and Santa Fe Railroad income bonds.

These two amounts make a total of \$85,340, and the securities listed appear in the list of the securities surrendered in the settlement.

There was charged to the loan on the same day notes as follows, viz, \$402,236.52 note of Joseph Warren, secured by the balance of the securities on the list above mentioned; \$3,750, note of Santa Fe Copper Company; \$15,000, notes of Boston Heating Company; \$35,000 notes of Thomas Dana, and the \$50,000 notes of Louis Ross remained as a part of the loans and discounts.

Fifty thousand dollars was charged to profit and loss account, being the amount of the dishonored checks of the firm carried as cash.

The book entries were as follows:

Dr.	Cr.	
\$402,236.52.....	Loans, discounts.....	\$484,266.32 (Itemized.)
3,750.00.....	Do.....	
15,000.00.....	Do.....	
35,000.00.....	Do.....	
51,250.00 }	Sundry bond account.	
34,090.00 }		
	Irving A. Evans & Co.....	57,060.20
50,000.00.....	Profit and loss.....	
	Cash (items taken out).....	50,000.00

591,326.52

591,326.52

No entry was made for the \$50,000 notes of Louis Ross, the amount merely remaining in the balance of loans and discounts account.

- 400 shares East Boston Company.
- 1,200 shares Cambridge Field Company.
- 50 shares Charles River Embankment Company.
- \$35,000 notes, Thomas Dana, indorsed I. A. Evans & Co.
- 600 shares Cleveland and Canton Railroad Company, preferred.
- 50 shares Southern California Railroad Company, preferred.
- 150 shares Fort Worth Land and Street Railway Company.
- 100 shares Chelsea Beach Company.
- 300 shares Cleveland and Canton Railroad, preferred.
- 50 shares Atlantic Mining Company.
- 40 shares Thomson-Houston Welding Company.
- 130 shares Centennial Mining Company.
- 225 shares Duluth, South Shore and Atlantic, common.
- 200 shares Atlantic and Pacific Railroad Company.
- 30 shares Florida Southern Railroad Company.
- 6 shares Florida Commercial Company.
- 25 shares Boston Heating Company.
- 150 shares Huron Copper Company.
- 150 shares Fort Worth Land and Street Railway Company.
- 17 shares McKay Metallic Fastening Company.
- 100 shares Rutland Railroad Company.
- 438 shares Bussell Trimmer Company.
- 900 shares East Boston Company.
- 200 shares Newport Land.
- 150 shares St. Louis Cable and Western.
- \$1,000 Cleveland and Canton first mortgage 5's.
- \$3,000 Bay State, incomes.
- \$15,000 Boston Heating Company's notes.
- \$550 Jacksonville, Tampa and Key West scrip, Series B.
- \$18,000 Santa Fe Copper 7's.
- 40,000 shares Santa Fe Copper Company.
- 807 shares Boston and Chattanooga syndicate.
- 200 shares Hotel Wellesley Company.
- \$2,000 Jacksonville, Tampa and Key West Railroad, Series B.
- \$3,750 demand note Santa Fe Copper Company, indorsed I. A. Evans & Co.
- \$10,000 United States Book Company 5 per cent bonds.
- 25 shares Bay State Gas Company.
- 100 shares Fort Worth Land and Street Railway Company.
- 450 shares Cleveland and Canton Railroad Company, preferred.
- \$1,000 Atchison, Topeka and Santa Fe, incomes.
- 51 shares Malden Electric Light Company.
- 500 shares Cleveland and Canton Railroad Company, preferred.
- 19 shares Bay State Gas Company.

The United States Book Company 5 per cent bonds mentioned in this schedule are to be surrendered to Irving A. Evans & Co. at any time within four months, upon payment of the amount at which the person depositing them with said firm may have the right to call for them, if so called for.

(This is a copy of an agreement on the back of schedule of securities.)

By the CHAIRMAN:

Q. Where is the copy of the agreement which you say you have not given?—A. That, I presume, is in the hands of the receiver.

Q. This is the transaction as you understand it from the record?—A. Yes, sir; the transaction from the records.

Q. Who now represents the firm of Irving A. Evans & Co.?—A. I presume the assignees.

Q. Who are they?—A. Paul H. Kendricken and Col. A. A. Pope; I know that from hearsay only.

Mr. HOWE. Mr. Kendricken is the sole assignee in insolvency.

At 4 o'clock p. m., the committee adjourned until to-morrow, Tuesday, August 16, 1892, at 10 o'clock a. m.

BOSTON, MASS., *August 16, 1892.*

The committee met at 10 o'clock a. m., pursuant to adjournment.
Present: Senators Chandler (chairman), Dixon, Carlisle, and Peffer.

TESTIMONY OF CLARENCE JOHNSON.

CLARENCE JOHNSON, being duly sworn, testified as follows:

By the CHAIRMAN:

Q. State your name and residence.—A. My name is Clarence Johnson; my residence, Pittsfield, N. H.

Q. Have you been designated to act as clerk of this committee?—A. I have, by the chairman.

Q. You may state whether you were requested by the chairman of the committee to come to Boston with Mr. William D. Chandler and to make certain investigations into the records of the Maverick National Bank.—A. I was; and at that time this memorandum was furnished me.

MEMORANDUM FOR MR. CLARENCE JOHNSON, CLERK, AND MR. W. D. CHANDLER, EXPERT, OF THE COMMITTEE ON FAILED NATIONAL BANKS.

Please go to Boston for the purpose of making arrangements for taking testimony on August 15.

The object of the committee as to the Maverick Bank is to ascertain—

(1) How long before January, 1891, when Mr. Magruder first informed Comptroller Lacey of the enormous loans to Messrs. Potter, French, and Dana, this dangerous condition of the bank began.

(2) All facts tending to show that the unfaithfulness or dishonesty of United States officials contributed to or caused the bank's failure.

(3) What changes of conditions, if any, took place during the past two years of the bank's existence, and especially during the past ten months and immediately before the failure, which operated to transfer the risks and loans from any person or persons to any other person or persons.

(4) Any specially important facts not now known bearing upon the causes of the failure of the bank.

Q. You may state generally what investigation you made in pursuance of these instructions.—A. On Friday, the 5th of August, Mr. W. D. Chandler and myself came to Boston, bringing with us a letter to Mr. Beal, the receiver of the Maverick Bank, from the chairman of the committee. We presented ourselves to him, and he immediately gave us free access to all the books and papers of the bank in his possession. We also called on Mr. Ewer, the bank-examiner, and with him made a careful search, or as careful a search as we could in the time, into the books and methods of the bank.

Q. Did you call upon anyone else in connection with the investigation?—A. We called on District Attorney Allen and learned that some books and papers were in his possession, to which we were also given access.

Q. In how many custodies did you find books and papers of the bank, naming the persons and not the places?—A. We found books in the custody of Mr. Beal and his clerk, in the custody of Mr. Allen, the district attorney, and in the custody of Mr. Ewer, the bank-examiner.

Q. You made examinations on Friday and Saturday. When did you resume the investigation?—A. We made examinations on Friday and Saturday, the 5th and 6th, and we resumed the examination on the following Tuesday.

Q. How long did you continue it?—A. Until Friday, August 12. Mr. W. D. Chandler and I together did not work on the books after Friday, but on Saturday I looked at the books myself alone somewhat.

Q. Which Saturday, the first Saturday?—A. The second Saturday, the 13th.

Q. You may state whether you discovered any loans by the Maverick Bank to Bank Examiner Magruder. If so, state the circumstances under which the discovery was made.—A. On Thursday, August 11, Mr. Ewer, Mr. W. D. Chandler, and myself went to the office of the receiver of the Maverick Bank, and while they, as experts, were looking over the discount records, I, having nothing else to do, picked up one of the older records, that for 1882, and had looked at it but a minute or two when I discovered an entry under date of May 3, 1882, of a note for \$43,690.28, the signer's name being J. W. Magruder and the date of the note April 27, 1882.

Q. I show you a book containing on the back "Discount Records No. 8, from September 10, 1881, to January 18, 1884, inclusive, Maverick National Bank," and call your attention to the red letters, page 361. Is that the page on which you found the entry of the Magruder note which you have just described?—A. Yes, sir, that is the page.

Q. Then you may read the heading of the column and the whole entry concerning the Magruder loan.—A. "Boston, Wednesday, May 3d, 1882. April 27; No. 13; J. W. Magruder, and collat., rate 5; \$50,000 Mexican Central 7s., demand, amount \$43,690.28; no discount; net, \$43,690.28."

Q. Is that the whole of the entry?—A. Yes, sir; the whole entry as it appears on the book.

Q. State whether that discount of Mr. Magruder's note had been called to your attention by Mr. Ewer or Mr. Beal or anyone else.—A. No, sir, it had not.

Q. Had you shown your memorandum of instructions from the chairman of the committee to either Mr. Allen or Mr. Ewer or Mr. Beal, one or all?—A. Mr. Ewer had seen it; we furnished Mr. Ewer with a copy of the instructions.

Q. Which you have just put in?—A. Yes, sir. I think Mr. Allen had seen them. My impression is Mr. Beal had not.

Q. What was done after you had made this discovery with reference to tracing the history of that loan?—A. I called on Mr. W. D. Chandler, who was acting as expert in connection with the investigation, and he traced it out through the various books.

Q. Have you at any other time discovered any other loan to Mr. Magruder?—A. Yes, sir.

Q. State it.—A. We found another loan on this book that same day.

Q. You may turn to that.—A. Page 375, No. 26, date of entry June 10, 1882; date of note June 12, 1882.

Q. Give the name.—A. J. W. Magruder and collateral, \$25,000 Mexican Central 7s; amount of loan \$21,982.61; net, after the discount, the same amount.

By Senator CARLISLE:

Q. Is that a demand loan?—A. Yes, sir.

By the CHAIRMAN:

Q. Have you read the whole of that entry?—A. Yes, sir.

Q. State whether you found at any other time any other loans to Mr. Magruder.—A. Yes, sir; later I found a demand loan for \$4,600 on discount record book No. 11; number of note, 1135-35, with collateral

of \$5,000, Southern Kansas income 6s; on demand, 5 per cent interest.

Q. You may state whether you found any excessive loans to which the chairman of the committee had called your attention.—A. I found several.

Q. State all the loans which, being called to the attention of the chairman of the committee, he directed you to produce a memorandum of.—A. There were a large number of loans of Jones, Cook & Co., and Frank Jones, although not singly amounting to over-loans, to which the chairman called my attention, and of which I made a memorandum.

Q. Give the list, the name, and the discount ledger, if you have the page.—A. Jones, Cook & Co., demand note for \$20,000, discount record No. 12; Frank Jones, demand note for \$20,000, with collateral, 26,000 Eastman Freight-Car Heater first mortgage bonds, dated February 27, 1891; number of note, 1486-30.

Q. 1486 is the page, and 30 is the number on the line?—A. Yes, sir. Jones, Cook & Co., March 10, 1891, demand note for \$12,000; discount record No. 12; Number of note 1491-41. Frank Jones demand note for \$50,000, with collateral consisting of 500 West Nashua and Rochester Railroad stock, dated 14, 1891; discount record No. 12. I did not take the number of the note. May 9, 1891, Jones, Cook & Co., demand note for \$15,000; discount record No. 12, number of note 1517-40. April 16, 1891, Jones, Cook & Co., demand note for \$20,000 indorsed by Frank Jones & Co., discount record No. 12, number of note 1507-38. April 21, 1891, demand note Charles A. Sinclair indorsed by Frank Jones & Co., for \$12,000; discount record No. 12. I did not take the number of the note. August 28, 1891, demand note F. F. Baxter indorsed by Charles A. Sinclair, for \$20,000, with collateral of 900 shares of the Frank Jones Brewing Company, on discount record No. 12. August 22, 1891, there was a similar loan of \$20,000.

Q. When you say a similar loan you mean a loan to Baxter?—A. Yes, sir. August 7, 1891, F. F. Baxter \$20,000, without collateral, indorsed by Charles A. Sinclair.

Q. Were those all the notes of which you were requested to produce minutes?—A. Yes, sir.

By Senator CARLISLE:

Q. Did you find that these loans were all outstanding at the same time?—A. I did not trace those notes.

Q. You do not know whether some of them were paid before others were discounted?—A. Really, I do not know.

By the CHAIRMAN:

Q. That is a proper subject of inquiry. You did not trace out the history of those notes?—A. Perhaps the members of the committee do not know that I am not a bookkeeper and that I do not understand the subject. Anything I found was traced by the expert who was with us.

Q. State whether you found any deposits and checks on November 6, 1890, by Charles A. Sinclair. If so, give the list.—A. Under date of Thursday, November 6, 1890, in what is known as the journal and balance book TT, folio 4, we found the entry under the name of Charles A. Sinclair. The checks were as follows: \$10,000, \$12,060, \$10,000, \$25,000, making a total of \$57,060. On the same day we found deposits had been made of \$29,535, \$20,134, and \$10,166, a total of \$59,835.

Q. The same amount he had drawn out substantially?—A. The deposits were \$2,000 larger.

Q. Two thousand dollars more was deposited on that day than was drawn out?—A. Yes, sir.

Q. You traced those transactions no further?—A. No, sir.

Q. State whether you satisfied yourself in a general way concerning the first point of your instructions, as to how long before January, 1891, these large loans to Messrs. Potter, French, and Dana began?—A. Yes, sir; in a general way we satisfied ourselves that they began the loans in 1878, and the large loans began to appear in 1879.

Q. You investigated the second point, "all facts tending to show that the unfaithfulness or dishonesty of United States officials contributed to or caused the bank's failure," by making this examination concerning Mr. Magruder, as you have stated?—A. Yes, sir.

Q. Did you try to make any investigation as to the third point; what changes of conditions took place during the last two years and especially during the last ten months?—A. Yes, sir; but we were unable to make any headway under that clause of instruction with a single exception, that of the Irving Evans indebtedness which was testified to by Mr. Ewer on yesterday, who furnished the statement which he prepared at our request and which was put in evidence.

Q. State your impression as to whether it would be feasible with a reasonable amount of labor to ascertain the amount of loans direct and indirect to Potter, French, and Dana, each January anterior to 1891 for ten years. Could it be done; if so within what period, and with what amount of labor?—A. That was one of the points which I investigated as carefully as I could, and I should think it would take a very great while to ascertain that, if it could be ascertained at all. Possibly an expert, who was familiar with the books of the bank, and who had nothing else to do and could be furnished with plenty of clerical assistance, might arrive at a statement in the course of a year and a half or two years, but it is doubtful even then if he could give you anything which would be reliable.

Q. You may state whether you examined any of the copies of the bank's reports to the Comptroller of the Currency, five of which are made every year.—A. We examined several of them.

Q. Did each of the latter reports purport to contain a statement of excessive loans above \$40,000?—A. It did.

Q. State whether or not in any of these returns which you examined, loans exceeding \$40,000 to the directors were named specifically as outstanding against the directors, Potter, Dana, and French?—A. No, sir; I think not.

Q. Are we to understand that in all cases of excessive loans to them their names were omitted from this statement of excessive loans?—A. That is my recollection.

TESTIMONY OF WILLIAM D. CHANDLER.

WILLIAM D. CHANDLER being duly sworn testified as follows:

By the CHAIRMAN:

Q. State your name and residence.—A. William D. Chandler, Concord, N. H.

Q. State what your business has been for the last seven years.—A. Prior to the first of March I had been engaged in the banking business in Winona, Minn.

Q. In what bank?—A. The First National Bank.

Q. State how you commenced in that bank and what you were doing when you left it.—A. I began there in 1884 as bookkeeper, and was there up to the first of last March in all the various positions, from individual bookkeeper to assistant cashier.

Q. What were you when you terminated your connection with the bank?—A. Assistant cashier.

Q. How long had you been assistant cashier?—A. Nearly two years; about one year and ten months.

Q. What had you done as assistant cashier?—A. I had done teller's work and general work in the bank.

Q. How large a bank is the First National Bank of Winona?—A. It is a bank of \$225,000 capital and a good surplus.

Q. State the amount of its loans.—A. They are probably in the neighborhood of \$900,000; \$800,000 or \$900,000, varying along there.

Q. State whether you were requested by the chairman to act as an expert in making certain examinations with Mr. Johnson, the clerk of the committee.—A. I was.

Q. Did you come to Boston with him and make the investigations as he has described them?—A. Yes, sir.

Q. You may state whether, after Mr. Johnson reported to you the discovery of these loans on Mexican Central bonds to Mr. Magruder, you traced out those transactions. If so, you may give the result of your investigation, showing the beginning and ending of these two loans to Mr. Magruder.—A. Mr. Johnson called me over to the desk where he was at work and showed me the loan, No. 361-13, dated April 27, 1882. J. W. Magruder was the signer, the note being for \$43,690.28, demand loan, collateral, \$50,000 Mexican Central 7s.

Q. State what you discovered in connection with these Mexican Central bonds?—A. I found the following loans made on collateral of Mexican Central 7s. The Magruder loan being made on Mexican Central 7s I looked to find what other notes could be found made on the same collateral. I found four of them, including the one I have spoken of. The four were described on the books as follows: Under date of entry, May 3, 1882; No. 361-13; date of note April 27, 1882; signer J. W. Magruder; amount, \$43,690.48; time, demand; collateral, \$50,000 Mexican Central 7s. Under the same date of entry, that is, May 3, 1882, note No. 362-9, date of note, May 5, 1882, J. W. Work; \$1,250; time, demand; collateral, two blocks Mexican Central. Following this "Mexican Central" was something I could not quite make out. It looked like No. 3, but it was indistinct. Following on down, looking for notes with Mexican Central as collateral, I found under date of May 17, 1882, note No. 366-17, dated May 17, 1882, signed by Henry Kellogg, for \$126,045.08; time, demand; collateral, \$139,000 Mexican Central 7s. I continued it still further, and under date of June 10, 1882, I found note No. 375-26, dated June 12, 1882, signed by J. W. Magruder; amount, \$21,982.61; time, demand; collateral, \$25,000 Mexican Central 7s.

These were the four notes which I started out to trace originally. I traced all but the J. W. Work note through a number of changes. The note No. 366-17, which was the Henry Kellogg note of \$126,045.08, I found was paid as follows: July 15, 1882, a part payment was made on it of \$5,740. On October 5, 1882, the balance \$120,305.08 was paid. That made the full amount of the note, of course, but on October 5, which is the date of this latter payment, I found that Henry Kellogg was again a borrower, with the same amount, \$139,000 of Mexican Central 7s, as collateral. That note is described as follows: Date of entry,

October 4, 1882; No. 415-13; date of note September 30, 1882; signer, Henry Kellogg, jr.; amount, \$214,308.21; time, demand; collateral, \$139,000 Mexican Central 7s.

This note I find was paid as follows: November 4, 1882, a part payment of \$15,875.12 was made; November 15, 1882, part payment of \$781.50; February 14, 1883, a part payment of \$151.89; March 31, 1883, the balance was paid, \$107,499.70.

I find that on March 31, 1883, Henry Kellogg, jr., was again a borrower—that is the date of the payment of the balance of this note that I have just read—with the same amount, \$139,000 Mexican Central 7s, as collateral. The entry is as follows: Date of entry March 31, 1883; No. 468-26; date of note, March 31, 1883; Henry Kellogg, signer; amount, \$110,004.69; time, demand; the collateral was the same, \$139,000 Mexican Central 7s. This amount exceeds the amount of the balance due on the note of Henry Kellogg, of \$124,308.21, that is, what was due at that time, by \$2,504.99. That was as far as I followed that, because on the same date as that the two notes of J. W. Magruder of \$43,690.28 and \$21,982.61, which ran without change until the date of March 31, 1883, on which date I find them paid and a charge made to the personal account of Asa P. Potter of \$65,672.89, which is the exact amount of the two Magruder notes.

The difference between the note made by Henry Kellogg on March 31, 1882, of \$2,504.99 I find was credited to the interest account of the bank. Then I copied the entry, which was a portion of a long number of names. It was under date of March 31, 1883, H. Kellogg, jr., \$1,749.18; H. G. Dillaoway, \$755.81. That entry is in "Petit Ledger No. 3, for interest accounts," etc., page 111.

Q. What became of that item?—A. It was credited to the interest account of the bank. I further find credited to the account of Asa P. Potter on March 31, 1883, the sum of \$65,672.89, and I find the record of Charles F. Kellogg borrowing that amount—

Q. Is that the same amount as the Magruder notes?—A. Yes, sir.

Q. The Magruder notes were charged to his account and Charles F. Kellogg borrows the same amount.—A. The date of entry is March 31, 1883; No. 468-27; March 31, 1883, is the date of the note; Charles F. Kellogg, the signer; amount, \$65,672.89; time, demand; collateral, \$75,000 Mexican Central 7s.

The collateral with the Charles F. Kellogg note is precisely the same amount of Mexican Central 7s as that released by the payment by Asa P. Potter of the two Magruder notes, and both the credit and charge to Asa P. Potter's account are of the same amounts as the total amount of the two Magruder notes.

Q. You have now, as you understand, substantially given the history of that transaction?—A. Up to that period when the Magruder notes disappeared.

Q. State again the date when the Magruder notes were taken up.—A. March 31, 1883.

Q. You may state whether or not you have been furnished with the date of Mr. Magruder's first examination of the Maverick Bank as an examiner.—A. Yes, sir.

Q. State what the date was.—A. I have a list here of all of Mr. Magruder's examinations.

Q. Which was the first?—A. March 31, 1883.

Q. Then, on that day when he made his first examination his two notes were transferred to the account of Asa P. Potter, and Mr. Charles

F. Kellogg borrowed the same amount?—A. Yes, sir; the books show that.

Q. You may state whether you examined any of the bank reports made by the bank's officers?—A. Yes, sir.

Q. You examined these two bundles here [exhibiting]?—A. Portions of them.

Q. You had the two bundles?—A. Yes, sir; we had two bundles. They appear to be the same ones.

Q. Where did you get them?—A. We found them with the books which were in a room in this building.

Q. I hand you a copy of the bank's own report of September 30, 1889, signed by J. W. Work, Asa P. Potter, Jonas H. French, and Thomas Dana, consisting of three papers, from which I retain this slip. [Exhibiting.] Were those three papers together when you found them?—A. Yes, sir; this one with it. [Exhibiting.]

Q. Have you here a copy of this slip?—A. Yes, sir; I made a copy of that slip.

Q. Now, you may state whether you discovered that the report of overloans contained in that report was a false entry of the overloans?—A. I found that it did not correspond with the slip that was with the report.

Q. It did not correspond with the slip?—A. No, sir.

Q. You may state what you understood that report to be, the original or a copy, or what?—A. This report, as I understand it, was a copy of the report which was retained by the bank.

Q. The bank's retained copy?—A. Our bank always made the report out first, and then made a clear, fair copy of it, which was signed and sent to the Comptroller of the Currency.

Q. How does this report appear?—A. This appears to have been the same thing.

Q. A copy made afterwards or before?—A. I could not tell, but it has the appearance of being the same as we used to do it.

By Senator CARLISLE:

Q. Is it signed?—A. It is initialed, and the names of the directors are copied in, just as we used to do.

By the CHAIRMAN:

Q. This bundle of reports appears to be the Maverick Bank's retained copies?—A. Yes, sir; in order to know what they had reported to the Comptroller.

Q. They are copies of the official reports made to the Department at Washington. How many of these reports are made in a year, according to law?—A. I think it is five or six.

Q. Not less than five?—A. Not less than five. We used to expect calls for them about every two months or so.

Q. You may now read the copy that you made of this paper.—A. This is a copy of a memorandum slip found with the bank's report of September 30, 1889. I did not copy the headline of it. The copy before me now says, "Loans exceeding the limit prescribed by section 5200 of the Revised Statutes."

Q. Read the copy of the memorandum.—A. This commenced with L. P. Hollander & Company, \$47,500; that had a check mark preceding the amount; Jones, Cook & Co., \$200,000, with a check mark preceding the amount; E. Rollins Morse & Bro., \$55,000, with a check mark preceding the amount; Whitney, no initials, \$70,556.73, with a check

mark preceding it and a line drawn with a pen through the 73 cents; Jordan, Marsh & Co., \$50,000, with a check mark preceding the amount; Bullard, no initials, \$49,155.03, with a check mark preceding the amount; First National Bank, Concord, N. H., \$50,000, with a check mark preceding the amount; C. W. Clark, \$45,437.82, with a line drawn through the amount; Hyde, no initials, \$105,919, with a check mark preceding the amount; E. J. Jenkins, \$48,875, with a check mark preceding the amount; C. E. Raymond, \$71,169.08, with a line drawn through the amount; Sinclair, no initials, \$225,364.17, with a line drawn through the amount; Nalpey & Anthony, \$75,000, with a check mark preceding it; T. M. Stevens, \$60,000, with a line through the amount; N. W. Jordan, \$65,000, with a check mark preceding the amount; Bacon, no initials, \$84,050, with a check mark preceding the amount; Coleman, Meed & Co., \$75,000, with a check mark preceding the amount; Evans, no initials, \$122,000, with a check mark preceding the amount; T. Dana, \$43,000, with a line through the amount; Lombard Investment Company, \$50,000, with a check mark preceding the amount.

Q. Now, you may read from the copy of the bank's report the list of excessive loans reported.—A. Loans exceeding the limit prescribed by section 5,200 of the Revised Statutes, including amounts due from State and private banks and bankers in excess of this limit: L. P. Hollander & Co., \$47,500; Jones, Cook & Co., \$200,000; E. Rollins Morse & Bro., \$55,000; H. M. Whitney, \$70,556.73; Jordan, Marsh & Co., \$50,000; John R. Bullard, \$40,155.03; First National Bank, Concord, N. H., \$50,000; H. D. Hyde, \$105,919; E. J. Jenkins, \$48,875; Valpey & Antony, \$75,000; N. W. Jordan, \$65,000; W. B. Bacon, \$84,050; Coleman, Mead & Co., \$75,000; I. A. Evans & Co., \$122,100; Lombard Investment Co., \$50,000. "We will endeavor to reduce the above." That is written in there.

Q. You may now state how much the loans, as given on the slip, exceed the loans as reported to the Comptroller of the Currency, as you find it in the report before you.—A. The amount shown by the report is \$1,148,155.76; the amount on the slip \$1,593,126.83, the difference being \$444,971.07.

Q. I hand you now the report of June 30, 1888. Please state whether you find with that any slip.—A. No, sir.

Q. State whether you have that report in your hand or not?—A. I have had this report in my hand. My impression is this is the first report where the excessive loans were asked for.

Q. I will ask you whether you found that a report of excessive loans in the form which you have just given was first required at about this time?—A. I do not recollect the date of that. If you will let me see the report just preceding this one then I could tell.

Q. Was it about that time?—A. I think it was.

Q. About how long, according to your recollection, has the Comptroller of the Currency been in the habit of requiring the names and amounts of excessive loans to be reported?—A. I have no personal recollection of the time when the change was made, but I looked back through these reports and I found that it was sometime in 1888. I think this report of June 30, 1888, was the first one in which a report of excessive loans was called for.

Q. You may read from this supposed copy of the report of June 30, 1888, the list of overloans, loans exceeding the limit prescribed by section 5200 of the Revised Statutes, including amounts due from State and private banks and bankers.—A. The Lombard Investment Com-

pany, \$50,000; Jordan, Marsh & Co., \$50,000; West End Street Railway, \$75,000; L. P. Hollander & Co., \$50,000; N. W. Jordan, \$41,500; Charles A. Sinclair, \$70,364.17; there seems to be a pencil mark drawn through that.

Q. There is a pencil mark drawn through there?—A. Yes, sir.

By Senator CARLISLE:

Q. The Sinclair amount?—A. Yes, sir; W. B. Bacon, \$124,050, I think; the figures are a little indistinct; Henry D. Hyde, \$136,016.63; C. G. Lenfest, \$69,315.93, there is a pencil mark drawn through that; E. G. Frost, \$57,632.85, and a pencil mark likewise drawn through that. The report says "Those on time will be reduced at maturity; some of the demand will be decreased shortly."

Q. Who signs that report?—A. It is initialed as signed by J. W. W., probably J. W. Work; J. H. F., probably J. H. French; H. F. Woods, and T. Dana.

Q. Read the certificate to that report.—A. "I, J. W. Work, cashier of the Maverick National Bank of Boston, do solemnly swear that the above statement is true to the best of my knowledge and belief, and that the schedules on back of the report fully and correctly represent the true state of the several matters therein contained." Signed, "J. W. Work, cashier; correct, attest, J. H. F., H. F. Woods, T. Dana, directors."

Q. You may state whether you know if in the original of this report, which has gone to Washington, the \$70,364.17 loan to Charles A. Sinclair and the \$69,315.93 loan to C. G. Lenfest and the \$57,632.85 to E. G. Frost were contained or omitted?—A. That I do not know. I have not seen the original report.

Q. You have not seen the original?—A. No, sir.

Q. And therefore can not tell us whether those loans were actually omitted or not?—A. There is no way to tell except by seeing the original.

By Senator CARLISLE:

Q. Mr. Chandler, will you state whether or not you have examined the books of the Maverick National Bank and ascertained in fact whether, on the dates you have given there, there were outstanding these notes, these loans to Sinclair and others, which you have mentioned as having a line drawn through them?—A. The telltale is in such shape that it is difficult to tell at what time a note was paid. There are no dates on the telltale, but we have found a note of \$190,000 that was, I believe, unpaid finally when the bank went under.

Q. Whose note?—A. Sinclair's note. That note was dated prior to this report. The exact date I have not.

Q. As to the others included in that list and erased, you have not examined?—A. No, sir; we made no search into it at all. It is a very difficult matter to get at the exact time, owing to the lack of dates on the telltale. You can find that a note was made on a certain date, and with considerable labor you can find when it was paid, but you have to search for each note separately and distinctly.

Q. Without an index?—A. There is no index. The note might appear here [indicating] and it might appear way over here [indicating] as paid.

Q. But as to the one you think there is no question?—A. That was dated prior to this report. I think Mr. Johnson knows more about that than I do.

By the CHAIRMAN:

Q. Have you or Mr. Johnson the date of the \$190,000 note of Mr. Sinclair?—A. My impression is that we went through it and that that note was dated prior to this report. I did not make any note of it. [Examining papers.] The note of \$190,000 was dated July 7, 1889. That is prior to September 30, 1889. That is where I gathered my impression. I know at the time the impression in my mind was that it was a part of the amount of \$220,000.

Q. I will ask you now to look at these reports which you have before you and from which you have just read extracts, and to state how the directors' liability is returned in these reports.—A. Here in the schedule is a division for loans and discounts, and the last of the items listed is "liabilities of directors, individual and firm as payers."

Q. And the amount against them?—A. The amount opposite. Directors' liabilities, \$123,281.35.

Q. In what report?—A. The report made the 30th day of June, 1888.

Q. Do you know whether the names of the directors making up that amount were reported?—A. Not in the report, but we found a slip in some of the reports that showed how that item was made up.

Q. That is to say, this second paper?—A. I did not notice whether it was on this. In some of the papers there was a slip similar to the other slip.

Q. Take the report as made to the Comptroller. Did the reports to the Comptroller usually inform him of overloans to directors by name and amount?—A. No, sir; I think not. It does not there.

Q. It certainly did if this slip went?—A. I do not think this slip went. I have never known any slips to go with the original reports to Washington unless they were pasted in and made a part of the report. This slip was made up by the bookkeeper.

Q. Read the names of the directors from the slip which here accompanies the report of September 30, 1889.—A. Down in the corner is a division marked at the top "Directors." A. P. Potter—there is no sum opposite; J. H. French, \$40,092.12; T. Dana, \$43,000; H. F. Woods, \$24,824.34; J. W. Work, \$39,725; and it shows the footing to be \$147,641.46, which is the amount listed in the report.

Q. But whether an original or duplicate of this went to the Department at Washington you do not know?—A. I do not know, but I see no reason to send it. The banks usually do not give any more information than the Comptroller calls for.

Q. If, as a matter of practice, since the new blank was adopted in 1888, a copy of this accompanying sheet which you find with the copies has not gone to Washington, the bank did not report the overloans of its directors?—A. Not by name; I do not think they did. I have no means of knowing.

Q. Do you find their names at any time in the list of excessive loans above \$40,000—the names of Potter, French, or Dana—in the body of the report?—A. I do not quite understand the question.

Q. I ask you whether, in any of the reports since 1888, when the new form was adopted, which you have examined, you found the names of any of the directors under the heading "loans exceeding the limit prescribed by section 5200 of the Revised Statutes?"—A. I do not know who all the directors were.

Q. Any of these three directors?—A. Potter, French, and Dana—no, sir.

Q. So far as you have observed they never have been reported in that column?—A. So far as I have observed they have not.

Q. State whether you examined the tell-tale books of the bank and how many of them there are.—A. Of those we saw there were six, I think.

Q. Do you remember the number of the last one?—A. I took no note of the number. We had six of them upstairs—six or seven. They were brought upstairs from the receiver's office.

Q. Did you find that at any time any change had been made by the bank in the system of keeping its telltale books?—A. Yes, sir. When they first started in they had a column giving the date of the note and the date of payment. That was way back; I can not say how many years, but it seems to me it was somewhere along in 1873 that the book was changed. I would not be positive as to the date.

Q. What else did they keep?—A. They kept, prior to that, a very full and complete return of notes, but in the new telltale they omitted the date of the note entirely.

Q. As a matter of practice, I will ask you whether it was not much more difficult to find the amount of the liability of any borrower under the new book than under the old?—A. I could do better work in finding anyone's indebtedness at any given time under the old telltale. If the telltale had all the notes listed in it under the person's name you could tell at any given time just what the indebtedness was. You would simply take the date of the note, and then find out whether or not it was paid at the date you are looking for the man's indebtedness. Then, by adding those up you could readily see what a man's indebtedness was.

Q. You could not do that under the new book?—A. No, sir; none of those dates are there.

Q. The amounts are there?—A. The amounts are there, and certain information concerning them, but no dates at all, practically.

Q. You may state whether you ascertained that this two million and a half of liabilities of Messrs. Potter, French, and Dana extended back for some years.—A. Yes, sir; a good while. I could not say what the actual amount was, but they seemed to be large borrowers all the way through. We found in the copies of the reports of the examiner that they extended back.

Q. What were the first items of loans to individuals like Mr. Kellogg and others which appear on the official report, whose notes were indorsed by Mr. Potter? What was the first you found?

The WITNESS. The first Kellogg notes?

The CHAIRMAN. Yes.

A. The first Kellogg notes we found were dated June 1, 1876.

Q. Have you any memorandum of those notes?—A. They were both dated June 1, 1876, one for \$2,578 and the other for \$13,951, making a total of \$16,529.

Q. Give the details.—A. That is all the detail I have.

Q. Give the name.—A. Charles F. Kellogg.

By Senator CARLISLE:

Q. Are they indorsed?—A. We found those as entered in the telltale under Mr. Asa P. Potter's name, and undoubtedly were indorsed or guaranteed by him. Of course it does not show it.

By the CHAIRMAN:

Q. You have been informed who Mr. Kellogg was?—A. Mr. Charles F. Kellogg was a bookkeeper in the Maverick Bank.

Q. Is it the same Mr. Kellogg who was spoken of on yesterday by Mr. Ewer?—A. Yes, sir.

Q. State whether you learned anything about the method adopted with reference to guarantees by Mr. Potter and Mr. French of these large loans made nominally to other persons. Were the guarantees kept with the notes or kept elsewhere?—A. I asked Mr. Ewer about the method of keeping the guarantees. He said they were kept in a package by themselves and separate from the several notes.

Q. And not with the several notes?—A. No, sir.

Q. Did you ascertain in what box in the bank these guarantees were kept?—A. No, sir.

Q. You did not ascertain from Mr. Ewer or anyone else where in the bank these guarantees were kept?—A. No, sir. I took it for granted they were kept in the safe. I asked Mr. Ewer if they were kept where any stranger coming in could see them if he were looking at the notes. He said they were not.

Q. They were not kept in proximity to the notes?—A. No, sir.

Q. I will ask you something further about these borrowings of Mr. Potter in the name of other persons, when they began and any data that you have taken off in that connection. Also state in connection therewith when Mr. Potter became president of the bank.—A. Mr. Potter was elected a director of the bank June 12, 1872; vice-president January 14, 1873; president January 11, 1876. Mr. Ewer says that he practically was manager of the bank from the date of his election as director, and was certainly after he was made its vice-president.

The first notes we found made by Mr. Potter were July 26, 1872, for \$5,000; December 12, 1872, \$5,000; December 18, 1872, \$3,000; December 27, 1872, \$4,000. We find the first note made by Mr. Charles F. Kellogg, who was a bookkeeper in the bank, was June 1, 1876, \$2,578; June 1, 1876, \$13,951, making his loan that day \$16,529.

The big overloans began, apparently, as best we could find it, in 1878. November 10, 1878, Henry Kellogg, jr., brother of Charles F. Kellogg, \$46,243.75; and we find that he first joined with Thomas Dana in guaranteeing notes or as joint guarantors, February 14, 1878, \$13,391.97. And we find that he first joined with J. H. French March 22, 1872, \$4,029.30.

By Senator CARLISLE:

Q. Did you ascertain whose notes they were?—A. I did not. I was simply looking to find where those names were found in conjunction. I found that on the telltale.

By the CHAIRMAN:

Q. Where they acted jointly?—A. Where they indorsed jointly.

Q. Give the other.—A. We found that Potter was reported by the examiner in his report of May 29, 1888, as an overborrower to the extent of \$59,706.61, and the examiner stated that \$30,000 of it was paid during the course of the examination. He also reports in the same report that Mr. Potter was a guarantor to the extent of nearly a million and a quarter dollars.

Q. At what date?—A. May 29, 1888. I looked to see if I could find any record of the payment of \$30,000 within a reasonable length of time, what it probably would have taken to have finished the examination of the bank, and the only payment I could find was thirty-six-odd thousand dollars, which was paid by renewal, evidently. The note was marked "Paid" on a day, and the same amount was borrowed.

TESTIMONY OF JOHN G. STETSON.

JOHN G. STETSON, being duly sworn, testified as follows:

By the CHAIRMAN:

Q. What is your business?—A. I am clerk of the circuit court of the United States for the district of Massachusetts.

Q. Do you hold more than one clerkship?—A. I do. I am temporary clerk of the circuit court of appeals for the first district.

Q. Are those all the clerkships you hold?—A. All that I am aware of.

Q. Are you a United States commissioner?—A. I am.

Q. Are you the custodian of the black box which came from the Maverick Bank, which has been claimed by Mr. Asa P. Potter?—A. The circuit court has possession of that box, and I am the officer in charge of it.

Q. Are you the custodian of that box?—A. I am.

Q. Have you any special written order of the court requiring you to take possession of that box and stating what you shall do with it?—A. I would be unable to answer that question without an examination of the records, but I believe that it stands in this way, that the receiver was ordered to give the trunk into my possession, to be held subject to the orders of the court.

Q. You think there is a written order to that effect?—A. I think there is an order in writing to that effect.

By Senator PEPPER:

Q. Is it entered on the records?

By the CHAIRMAN:

Q. Will you be kind enough at your convenience to furnish an exact copy of the order under which you hold the possession of the box?—A. I will, sir.

The copy of the order is as follows:

ORDER OF COURT. FEBRUARY 16, 1892.

Upon this preliminary hearing (both parties appearing by counsel), for the time being, and until further ordered only, so much of the prayer as seeks an order that the trunk, contents, papers, and other documents, be delivered to plaintiff, is denied; the prayer for an injunction restraining the defendant from appearing before the grand jury with books, papers, and other documents, is denied, except so far as relief is involved hereinafter.

To the end that the rights of the public and all interested parties may be protected, it is ordered that the defendant forthwith lodge with the clerk of the United States circuit court for the district of Massachusetts, the trunk named in said bill, together with its contents, and the clerk is directed to carefully keep the same in its present condition until otherwise ordered.

The district attorney, suggesting that grand jury proceedings require the speedy presence of certain papers and documents supposed to be therein contained, it is further ordered that the plaintiff forthwith file the motion for relief required by the rule; that defendant's answer be filed within twenty-four hours, or as much earlier as he may please; and thereafter, upon six hours' notice to the adverse party, the court will hear any motion by any party interested and make such further order as the rights of the parties and justice may demand.

February 16, 1892.

EDGAR ALDRICH,
Presiding Judge.

By the CHAIRMAN.

Q. Now you may state in a general way what has been the litigation concerning that box, and what is the present state of the litigation if

there is any pending.—A. Mr. Potter brought a bill of complaint against Mr. Beal, the receiver of the Maverick National Bank, to get possession of this trunk, claiming that it was his. The matter was brought before the court, and, pending the litigation, the court ordered that the trunk be delivered by Mr. Beal into the possession of the clerk, as an officer of the court, to hold the possession subject to the orders of the court.

Q. The court, by order, took this trunk out of the possession of Receiver Beal and placed it in your custody, did it?—A. That is as I understand it.

Q. Please go on and state the history of the litigation.—A. That case was brought on for hearing before one of the judges of the circuit court.

Q. State his name.—A. Judge Aldrich, district judge for New Hampshire, holding circuit court here by due appointment. And the court made an order with regard to the trunk, in substance directing that a master be appointed who should open the trunk. I am giving it only in general terms.

Q. Subject to correction by the actual record.—A. Certainly; that the trunk should be opened by the master to be appointed—the master, I think, was named; I think it was Hon. John Lowell—and certain contents of the trunk distributed, and the remainder of the contents of the trunk returned to the trunk and the trunk then returned again into my custody to be held as before.

Q. What was the character of the contents that were to be taken out by this order?—A. I am giving this only from memory.

Q. We understand that.—A. I understand they were those matters and things which the master should decide were clearly—

By Senator CARLISLE:

Q. Private.—A. Private; clearly the property of Mr. Potter, should be given to him.

By the CHAIRMAN:

Q. What was done with the rest? Put back into the box and retained in the custody of the court?—A. I so understand it.

Q. What was the result of that order?—A. From that decree there was an appeal to the United States circuit court of appeals.

Q. Who took the appeal?

By Senator CARLISLE:

Q. Which party?—A. Mr. Potter took the appeal.

By the CHAIRMAN:

Q. Mr. Potter took the appeal?—A. Yes, sir; an appeal to the circuit court of appeals, and the case was heard there.

Q. Before whom?—A. Before three of the judges. I can not remember their names.

Q. Do you remember any of them?—A. Judge Putnam was one; the others have passed from my mind.

Q. Was Judge Aldrich one of the appeal judges?—A. No, sir; he is prohibited by law from sitting. There are seven different judges qualified to sit.

Q. As a matter of fact, who did?—A. I think Judge Putnam was one, and the other two I can not remember.

Q. You may state as well as you can the action.—A. The judgment of the circuit court was reversed and the case remanded to the circuit court for further proceedings.

Q. Have further proceedings been taken?—A. Further proceedings have not been taken.

Q. Were written opinions given by Judge Aldrich in the circuit court and by the court of appeals?—A. Yes, sir; I believe there were.

Q. The trunk still remains in your custody under those circumstances?—A. Yes, sir.

Q. Then it is in your custody now, as clerk of the circuit court?—A. Yes, sir; clerk of the circuit court.

Q. The court of appeals having remanded the case?—A. The court of appeals has never had possession of the trunk. It remained in the circuit court while the case was pending in the circuit court of appeals, so far as any orders of that court were concerned.

Q. You hold the trunk under the original order?—A. I do.

Q. You may state who delivered the box?—A. Mr. Beal came in holding one end of it, I think, and Mr. Hutchins, his counsel, the other, and they delivered it to me. I think I gave a receipt for it, but I am not absolutely certain of that.

Q. Mr. Beal and his counsel brought you that trunk, each having hold of one end?—A. Yes, sir; I think that was the fact.

Q. That is exactly what I wanted to know. Are there any marks on that trunk?—A. Yes; I immediately, in their presence, tied it up with tape and put the seal of the circuit court upon it, and to the best of my knowledge and belief that seal remains unbroken.

Q. It has not been opened since it passed from Mr. Beal's and Mr. Hutchins' hands into yours?—A. I believe not. I have not seen it for a fortnight.

Q. Has it been out of the safe at all?—A. No, sir; it is right in the safe.

Q. Disregarding the cord and the seal which you put upon the trunk, are there any words or letters or distinguishing marks upon it so that you would know it if you saw it on the back of an express wagon?—A. I think not. It is a small black trunk. I should only know it that way. I would not recognize it in an office across the street.

Q. Mr. Stetson, will you be kind enough to produce that trunk to this committee for its examination?—A. I am unable to do so except by order of the court. I hold it under the order of the court.

Q. Do you, holding it under the orders of the court, decline to bring it to the committee without further orders of the court?—A. I do.

Q. Who has the key of the trunk?—A. I do not know, sir.

Q. I hand you the resolution of the Senate appointing this committee, all of the members of the committee now being present except Senator Brice, and state to you that the committee while pursuing the inquiry ordered by the Senate, proposes either in secret or open session to inspect the box and its contents, now in the custody of Mr. Stetson, in the following manner: Mr. Potter will be asked to be present, and the district attorney, or the representatives of these two persons. The box will be opened by Mr. Stetson, and the contents taken out by him and shown to the committee, each article or paper being described and scheduled by Mr. Stetson, Mr. Potter, and the district attorney, or their representatives. Such copies of papers will be made as the committee may specify. After the inspection and copies are made everything which has been taken from the box will be replaced therein, and it will remain in Mr. Stetson's custody, as before. Will you be kind enough to ascertain from the circuit court whether the court has any objection to the production of the trunk by you to the committee for these purposes?—A. I will, sir. I do not think there will be any delay,

but if there is any delay it will be for this reason—are you the chairman?

The CHAIRMAN. Yes, sir.

A. When you, Mr. Chairman, stated to me that I was to be examined, and in substance stated to me what you have now, I immediately went to the lobby of the judges and found there one of the judges. I said to him in substance what you have said. He told me that Judge Aldrich had charge of the matters connected with that case in the circuit court, and that I would take my orders from him. In the mean time the judge stated to me that I was to hold that trunk until I received orders from Judge Aldrich, representing the court, and was to hold that trunk as I hold any other property in the possession of the court, papers, records, etc., and that I was not to take any of the records or papers or property of the court from the clerk's office, except upon order of the court. As soon as I can find Judge Aldrich—and I will use all due diligence to do that—I will ascertain what his directions to me are, and those directions I will follow.

Q. Having reference to your present statement from the judge whom you have just consulted and who gave you the directions you have recited, not to remove any of the records of the clerk's office, I have to ask you whether the records in your office are public records?—A. They are records of the clerk's office.

Q. Are the records to which the justice whom you have consulted referred public records?—A. They are subject to inspection by anyone who comes in and asks for them.

Q. Then, if the committee were to go into your office now, you would exhibit those records to the committee?—A. Most certainly.

Q. Are you or not prepared, if we go to your office, to produce this box and allow it to be opened in accordance with the purposes of the committee?—A. I am not. I am prepared, if the committee go to my office, to show them that trunk as it stands there.

Q. Are you prepared to unseal it and let us see the contents?—A. I am not.

Q. Then that box as it stands in your office is held by you differently from the other records alluded to by the justice with whom you have conversed, and it is not subject to our inspection even if we go to your office?—A. It is subject to inspection as it rests there.

Q. I remark that that inspection would not be of any value, and we would not care to inspect it in that way.—A. That is true.

Q. I can not conceive of any particular good it would do us to look at that box. Still, if you desire to have us look at it, we will go there.—A. I beg your pardon; I have no desire about it.

By Senator CARLISLE:

Q. You understand that you hold that box, if I understand your testimony, under a special order of the court, which places it in a different situation, according to your judgment, from the ordinary records of the court?—A. Any record of the court you can look at.

Q. I can go into your office, look at a book, open it, and look into it.

By the CHAIRMAN:

Q. I understand Mr. Stetson to say that the judge who has taken occasion to give him directions about this matter has directed him to hold the box precisely as he held all the other records?—A. Yes.

Q. Now if he told you that, and you are willing to let us see all your records, will you or not allow us to have the box opened?—A. I will answer you, sir, as well as I am able. If there is a commission re-

turned under seal, and you, Mr. Chairman, should come to my office and ask for it, I should hand it to you. It would be sealed. If you asked me to open it I should refuse to open it. It is a commission returned and not yet opened under the rules.

Q. You would let us see the outside of it?—A. Yes, sir.

By Senator DIXON:

Q. You hold the box under a special order of the court?—A. I do.

By the CHAIRMAN:

Q. Mr. Stetson, if the committee are not prevented by the order of the court from opening and examining this box, we will open it and examine it, as stated on Thursday morning. If the court prefer that it should be done at your office we will do it there. We will not undertake to open the box before Thursday morning, and, therefore, there is time enough for you to consult Judge Aldrich. When you ascertain his decision you may, informally, if you will, communicate it to the chairman of the committee.—A. I will do so, sir, at once; the moment I can ascertain from Judge Aldrich what the orders are in the premises, I will at once communicate them to you, Mr. Chairman.

Mr. ELMER P. HOWE. Mr. Chairman, if you will allow me, I feel I ought to say to the committee, as representing Mr. Potter, the claimant of this trunk, that I should like to notify Mr. Stetson here publicly that I desire to be heard before the court when the request of the committee is presented to the court, it being a pending judicial proceeding.

The CHAIRMAN. What do you mean?

Mr. HOWE. I desire to be heard when this request of the committee is presented to the court because, in so far as it is of any force at all, it is a motion in a pending judicial proceeding.

The CHAIRMAN. It does not occur to me that there is any occasion for notifying Mr. Stetson in the presence of this committee that you want Mr. Potter to appear before Judge Aldrich. Judge Aldrich is accessible, I suppose, and the proper place for you to give notice that you want to be heard is before his honor the judge.

Mr. HOWE. I am aware of that.

The CHAIRMAN. I am not taking offense at your statement. Is Mr. Potter present in the room.

Mr. HOWE. He is.

The CHAIRMAN. Mr. Asa P. Potter will please take the witness stand.

Mr. HOWE. Mr. Chairman, I am here representing Mr. Potter as his counsel, and if the committee will indulge me a moment before he takes the stand I would like it.

The CHAIRMAN. You may make any statement you please.

Mr. HOWE. It appears from the resolution appointing this committee that one of the objects is to authorize the committee to investigate the recent failures of national banks, and any violations of law and irregularities happening in connection therewith. It appears from a memorandum of instruction given to Messrs. Johnson and Chandler which has been put in evidence this morning, that the object of the investigation of the committee at this period is the transactions of the Maverick National Bank and of the officers of the Maverick National Bank.

Now, if I understand the ruling of the Supreme Court of the United States with regard to the jurisdiction of the Senate and of the House of Representatives, the Supreme Court has held that these bodies have no power to inquire into the private affairs of citizens, particularly if those affairs are involved in litigation, whether civil or criminal. Now, it may not be unknown to the committee that Mr. Asa P. Potter,

whom you have summoned and who is present here, was the largest stockholder in the Maverick National Bank.

The CHAIRMAN. Will you allow me to interrupt you?

Mr. HOWE. Yes, sir.

The CHAIRMAN. Whatever the limitations may be upon the powers of this committee there could be no objection to our taking Mr. Potter's statement if he is willing to make it.

Mr. HOWE. Precisely.

The CHAIRMAN. You do not doubt that?

Mr. HOWE. No, sir; I do not doubt that.

The CHAIRMAN. Is he willing to be sworn and examined?

Mr. HOWE. I am coming to that point.

The CHAIRMAN. I would like you to state that now. There may be no need of your statement if you answer that question.

Mr. HOWE. Under the circumstances, in view of what I believe to be the limited jurisdiction of your committee, I am compelled to advise Mr. Potter to refuse to testify.

The CHAIRMAN. On what ground?

Mr. HOWE. On the ground which I have stated, that the investigations of the committee are directed towards his private transactions with the Maverick Bank and towards his conduct as an officer of the bank.

The CHAIRMAN. Is his conduct as an officer of the bank private?

Mr. HOWE. On the one hand it is private, and on the other hand, with relation to the indictments found to-day, it relates to a criminal proceeding, and there he will be entitled to take advantage of his constitutional privilege, not to give evidence against himself.

The CHAIRMAN. Is that all you desire to say?

Mr. HOWE. Yes, sir.

The CHAIRMAN. Your statement will be taken into consideration, and the committee will adjourn until 11 o'clock to-morrow morning, when Mr. Potter will please be present.

At 1 o'clock and 30 minutes p. m. the committee adjourned until to-morrow, Wednesday, August 17, 1892, at 11 o'clock a. m.

BOSTON, MASS., *August 17, 1891.*

The committee met at 11 o'clock a. m., pursuant to adjournment.

Present Senators Chandler (chairman), Dixon and Carlisle.

The CHAIRMAN. The committee has considered the suggestions made by Mr. Elmer P. Howe, counsel for Mr. Asa P. Potter, summoned as a witness. The intention of the committee is to examine Mr. Potter not as to his private affairs but concerning his management of the failed Maverick National Bank, while he was its president. Mr. Potter, the committee intends to examine you particularly concerning the loans of the bank to Bank Examiner Magruder, the settlement made in behalf of the bank with Irving A. Evans & Co., and the omission in the bank returns of September 30, 1889, to include \$144,971.07 of excessive loans.

I will read you certain sections of the statute. Chapter 7 of the Revised Statutes, section 101, is as follows:

The President of the Senate, the Speaker of the House of Representatives, or a chairman of a Committee of the Whole, or any committee of either House of Congress, is empowered to administer oaths to witnesses in any case under their examination.

SEC. 102. Every person who having been summoned as a witness by the authority of either House of Congress, to give testimony or to produce papers upon any matter under inquiry before either House of Congress, willfully makes default, or who, having appeared, refuses to answer any question pertinent to the question under inquiry, shall be deemed guilty of a misdemeanor, punishable by a fine of not more than one thousand dollars nor less than one hundred dollars and imprisonment in a common jail for not less than one month nor more than twelve months.

SEC. 103. No witness is privileged to refuse to testify to any fact, or to produce any paper, respecting which he shall be examined by either House of Congress, or by any committee of either House, upon the ground that his testimony to such fact or his production of such paper may tend to disgrace him or otherwise render him infamous.

Section 859 of the Revised Statutes is as follows:

No testimony given by a witness before either House or before any committee of either House of Congress shall be used as evidence in any criminal proceedings against him in any court, except in a prosecution for perjury committed in giving such testimony. But an official paper or record produced by him is not within the said privilege.

You will now please stand up and be sworn as a witness.

TESTIMONY OF ASA P. POTTER.

ASA P. POTTER, being duly sworn, testified as follows:

By the CHAIRMAN:

Q. You made, representing the Maverick Bank or in the name of the Maverick Bank, a certain settlement in October, 1891, with Irving A. Evans & Co., did you not?

Mr. HOWE (to Mr. Potter). You need not answer that.

The CHAIRMAN. Answer that question.

The WITNESS. By advice of counsel I shall decline to answer.

The CHAIRMAN. State the reason why you decline to answer.

The WITNESS. Because the matters of my relations with the Maverick Bank have been the subject of criminal prosecution by the district attorney, and at the present time I am under indictment. By advice of counsel I shall decline to answer all questions of that character for the reasons stated. Then I read in the papers, and I understand, that the district attorney has further indictments under consideration.

The CHAIRMAN. Is that the only reason you wish to give for failing to answer the question?

The WITNESS. It seems to me that that is a sufficient reason.

The CHAIRMAN. Is that all you wish to give?

The WITNESS. That is all I have to give at the present time.

The CHAIRMAN. You desire to give no other reason?

The WITNESS. Not at the present moment. If further reasons are necessary for my own protection I shall confer with my counsel and give them later.

The CHAIRMAN. Do you desire now to give any other reason or have you any other reason to give for not answering the question put to you?

The WITNESS. At the present moment, no, sir.

The CHAIRMAN. Is the reason why you decline to answer that answering may tend to criminate you?

The WITNESS. By advice of my counsel I say yes.

By the CHAIRMAN:

Q. Mr. Potter, you heard the testimony taken before the committee yesterday in reference to certain loans made by the Maverick Bank to

Bank Examiner J. W. Magruder in 1883 upon the collateral security of certain Mexican Central Railway bonds. Will you state what knowledge you had as president of the bank of these loans to Mr. Magruder?—

A. I have no recollection of the loans at all. I did not remember them until I heard the testimony yesterday. I did not recall them then, and I do not recall them now.

Q. Do you mean to state to the committee that the testimony given before this committee on yesterday was the first knowledge you had of these loans?—A. No, sir; I do not mean to say that. I mean to say that the matter had entirely gone from my mind, and I do not recall now any circumstances regarding those loans to Mr. Magruder, more than the fact that there was a loan made to Mr. Magruder upon the security of the bonds, which, if I had been asked yesterday, I would have said had been paid.

Q. It appeared by the testimony that the loan was paid by being charged to your account on the 31st day of March, 1883. Did you hear that statement?—A. Yes, sir; I heard the testimony yesterday.

Q. And that that was the day on which Mr. Magruder made his first examination of the bank. Do you recall those facts?—A. I do not.

Q. Will you account for the payment of these loans by yourself on that date?—A. I can not. I have no recollection about the matter.

Q. You have no recollection about it whatever?—A. Not the slightest.

Q. Did you have any dealings in Mexican Central bonds yourself at that time?—A. I do not recall any dealings at that time. It was a good many years ago.

Q. Do you recall any dealings in Mexican Central bonds at that time, made in the name of Mr. Charles F. Kellogg for you and in your behalf?—A. No; I do not.

Q. How long prior to that time had you known Mr. Charles F. Kellogg?—A. I have known Mr. Kellogg since 1865.

Q. State your whole relation with Mr. Kellogg from that time up to the present?—A. Mr. Kellogg was a clerk in the Bank of the Metropolis, which was a private banking institution in Boston, where I was a junior partner. In 1872 the business of the Bank of the Metropolis was turned over to the Maverick National Bank, and Mr. Kellogg was one of the clerks who was transferred from the Metropolis to Maverick.

Q. And became a clerk in the Maverick Bank?—A. He became a clerk in the Maverick Bank, I think, in 1872.

Q. Was he a clerk in the bank continuously from that time until its failure?—A. I think so.

Q. What other relation did he sustain to you than that of a clerk in the Maverick Bank?—A. I paid Mr. Kellogg a salary to keep my personal books, outside of his bank duties and outside of banking hours.

Q. How large a salary were you paying him for that purpose at the time of the failure of the bank?—A. I think I was paying him \$600 a year.

Q. Was it or not a part of his duty as clerk of the bank and as your clerk to sign notes upon which you were to borrow money or money was to be borrowed for your accommodation?—A. No, sir; I do not think it was any part of his duty to do it.

Q. Was he paid anything for doing such work?—A. No, sir.

Q. Did Mr. Charles F. Kellogg sign notes during this period for your benefit and accommodation and upon which you received the money?—A. Yes, sir.

Q. Will you state when he first began to sign such notes for you?—A. No, sir; I can not, because I can not remember. Any note that he

signed for me always had collateral with it, and always had my guarantee.

Q. State what notes he so signed and give their dates and amounts.—
A. It would be absolutely impossible for me to do it. I have no books or anything with which to refresh my memory.

Q. Will you prepare for this committee a statement of the notes which Mr. Kellogg, since the existence of the Maverick Bank, has signed for you?—A. No, sir; I can not do it, because I have not had possession of my books since the bank was closed. All my books and papers were seized at that time, and I have not got them yet. I have not a scrap of paper in reference to the transaction.

Q. Will you, if access is afforded you to all books and records in the possession of the receiver, prepare such a statement?—A. Personally I am not accustomed to doing that kind of work, and I do not believe I could bring myself to do it.

Q. Do you decline on account of your incompetency to do it or because it would be disagreeable?—A. No, sir; it would not be disagreeable, but I do not know how to do it.

Q. Will you make yourself agreeable to the committee by obtaining, if allowed, access to the record and submitting that list of Mr. Charles F. Kellogg's notes for you?—A. I do not know of any way of doing it.

Q. Why not?—A. I do not think there is any book that shows it.

Q. Did the Maverick National Bank keep discount books during the whole period of its existence?—A. Yes, sir; undoubtedly.

Q. Were all the loans made by the Maverick Bank entered upon that discount book?—A. Undoubtedly.

Q. Will or not access to the discount books enable you to make a list of all the notes which Mr. Charles F. Kellogg signed for you and which were discounted by the bank?—A. I suppose it will, sir.

Q. Then why did you say it will be impossible to make this list?—A. It did not occur to me that you had the books covering the period. My relations with the Maverick Bank began in 1872.

Q. Do you know of any one so competent to go over those books and select the notes which were given by Mr. Charles F. Kellogg for you as yourself?—A. I hardly know of any one more incompetent to do bookkeeping than myself. I never have done it.

Q. That may be true. Do you conceive yourself incompetent to make up this list from the discount record?—A. Yes, sir.

Q. You do consider yourself incompetent?—A. It would be very disagreeable for me to do it.

Q. I understand. Many disagreeable things happen to a man in the course of his life. Is there any reason why you should not do this for the committee; if so, state what it is?—A. I can not give you any reason in addition to what I have given, sir.

Q. You are requested to obtain access to the discount ledgers and to make that list for the committee.—A. Very well.

Q. You may state whether any other persons have signed as promisors accommodation notes for you which have been discounted at the Maverick Bank. If so, name them.—A. I can not name them, sir. You will find them in the testimony. I have read them. The names are in the testimony given before your committee heretofore, where you will find numerous notes, all of which were guaranteed by me and all of which had collateral with them, and all of which were amply secured when they were given.

Q. We want your statement.—A. I can not give you one. If you

desire me to refresh my memory by looking at the printed testimony I can do so.

Q. That is exactly what we do want. Look upon page 44 of the testimony taken by this committee, and you will find the name of L. O. Garrett, \$39,288.51. Was that an accommodation note for you?—A. No, sir. That note was given me for a sale of land that I made to Mr. Garrett. He bought the land and gave me his check in payment for it. I got the note discounted at the Maverick Bank. I guaranteed the note; Mr. Garrett gave me collateral security for the note.

Q. Was that the full amount of the purchase, \$39,388.51?—A. My recollection is that it was within about \$1,000 of the amount that he paid.

Q. Who is Mr. Garrett and what is his business?—A. Mr. Garrett is present in the room here. I hardly know what his business is. I assume you are going to call him.

Q. Have you known him all this time?—A. I have known Mr. Garrett for seven or eight years.

Q. What do you understand his business to have been?—A. At the time I took the note he was president of a bank in Florida. I do not for the moment recall the name of the place. He was a dealer in real estate there, and this was some land that I owned in Florida. He was familiar with lands, a dealer in them, and an owner of them. I had this land; he made me a proposition to purchase it, and I accepted it and sold it to him and took his note for it.

Q. Were you in a Florida real estate operation with him at that time?—A. I never had but one transaction with him. I may have loaned him money once or twice in the bank. I never had a joint account with Mr. Garrett, and never had a dealing or transaction with him of any name or nature except to make him this sale; and once or twice, I think, I loaned him money in the bank.

Q. Did he ever, to your recollection, sign any other note of which you became the indorser and guarantor?—A. I do not recall any other note.

Q. Why did not Mr. Garrett pay this note?—A. The reason he did not pay it I assume was that he made an arrangement, an agreement, with the receiver of the bank to take a mortgage on the land of which the note was in payment, and it was extended for a length of time. I do not recall the time. I think it was at least one year, possibly more.

Q. You understand he was unable to pay it in money?—A. No; I do not understand it in that way.

Q. Was it a demand note?—A. Yes, sir.

Q. Then why did he not pay it?—A. You will have to ask the receiver.

Q. He did not pay it before the bank failed?—A. No, sir.

Q. So far as you know, is he responsible and able to pay \$39,000?—A. I think he is.

Q. Now, I will ask you about Mr. R. Ballou—\$36,938.20. Was that an accommodation note?—A. Yes, sir.

Q. State who Mr. Ballou is.—A. He is chairman of the stock exchange.

Q. How many notes has Mr. Ballou ever signed for your accommodation?—A. This note may be a renewal of a previous note for the same amount.

Q. This amount, then, is the only transaction you have had with him?—A. Yes, sir; for my accommodation.

Q. Covering this note and renewals thereof. What was Mr. Bal-

lou's business outside of the presidency of the stock exchange?—A. He was formerly a stock broker; that was some years ago.

Q. Was he solvent when the note was discounted?—A. I do not know, sir.

Q. Did you consider him such?—A. I had no reason to consider him otherwise.

Q. It was an accommodation for yourself, you have stated?—A. Yes, sir.

Q. State what you considered his personal responsibility, or what you considered as to his ability to pay \$36,938.20.—A. I did not consider that question at all. I indorsed the note, and my indorsement made it perfectly good.

Q. It has not been paid?—A. No, sir.

Q. Do you mean to say that you discounted that note or procured it to be discounted at the bank of which you were president without considering the question of whether Mr. Ballou was able to pay the amount?—A. I had guarantees or collateral in the bank for every note I had there, and I did not consider the solidity of the promisor, because that was not necessary.

Q. Was that discount approved by the directors?—A. They approved it.

Q. After it was made?—A. I do not know whether it was afterwards or at the time.

Q. Did you act as one of the board in approving that discount?—A. Undoubtedly.

Q. Did the directors know you were the indorser?—A. There was no reason why they should not have known it.

Q. Did they know it was an accommodation note for you?—A. There was no reason why they should not have known it.

Q. Was the discount made by yourself and the directors without any reference to the financial responsibility of Mr. Ballou?—A. I have already answered that.

Q. No, you have not.—A. I beg your pardon, I have.

Q. Oblige me by answering it again.—A. The bank had general collateral for all notes there on which I was either indorser or guarantor, which made anything with my indorsement or guaranty perfectly good.

Q. That you have stated. Will you state whether the M. R. Ballou note for \$36,938.20 was discounted by the bank without any reference to the financial responsibility of Mr. Ballou?—A. I can not state it any more clearly than I have already done.

Q. Was he financially responsible for \$36,000?—A. I do not know whether I did or not.

Q. Did you know then whether he was or not?—A. I do not recall whether he was or not.

Q. Did you not know that he was absolutely irresponsible and not good for \$36,000 or \$3,600?—A. No, sir.

Q. You did not know that fact?—A. No, sir.

Q. Did you know of any property that he owned?—A. Yes, sir. I supposed he owned a house on Pinckney street, where he lived.

Q. How valuable a house?—A. Oh, I do not know, sir.

Q. Please give the committee your best judgment?—A. I would say \$12,000 or \$15,000.

Q. Did you suppose he owned that house unincumbered?—A. I think it was unincumbered.

Q. Did you know of any other property that he owned?—A. No, sir.

Q. Therefore you discounted that note with only the knowledge that Mr. Ballou had a house worth \$9,000 or \$10,000?—A. No, I did not; I discounted that note because I indorsed it, and that made it good., In addition the bank had collateral, which also made it good, if my indorsement were not good.

Q. But you did it entirely without reference to the solvency of Mr. Ballou?—A. Yes, sir.

Q. And without regard to his financial responsibility?—A. Yes, sir.

Q. You did not care?—A. It was not necessary, if the bank had good collateral.

Q. You did not care whether he was financially responsible for \$36,000 or for \$1?—A. I do not want to say that I did not care. I say it was not necessary to consider whether he was or not, because the collateral was good.

Q. And you did not consider it?—A. Yes, sir.

Q. You did not consider the question of his financial responsibility, because there was good collateral?—A. That is it.

Q. Then you regard Mr. Ballou's name there as a mere form?—A. If you please to put it in that way.

Q. Why did you not make your own note for \$36,938.20, have it indorsed by Mr. Ballou and discounted by the bank, and then put in your collaterals?—A. I do not recall why I did not.

Q. You do not know why you did not?—A. No, sir; I do not recall.

Q. Try to think. Take a minute and think why you made Mr. Ballou the maker of that note instead of making the note yourself, if it was your own loan?—A. It is unnecessary for me to think. I simply do not recall. That is all.

Q. You do not remember?—A. No, sir.

Q. Could you not remember if you were to try?—A. I do not know whether I could or not.

Q. Have you had instructions from your counsel as to how to answer questions before this committee?—A. No, sir.

Q. Have you been told by counsel not to remember anything when asked?—A. No, sir; my counsel told me to tell everything here that did not relate to criminal proceedings, and at that point in duty to myself to stop.

Q. But he did not charge you to have a loose memory?—A. No, sir.

Q. Your loose memory is your own?—A. If you please.

Q. Give us some idea, some reason, why Mr. Ballou was made the maker of this note instead of indorser, and why you were not made the maker?—A. I can not answer that question any more fully than I have.

Q. You do not know?—A. No, sir.

Q. We will try another; and as we come to these other names I wish you would give your mind full scope, so as to be able to tell, if any of them are accommodation notes, why you did not yourself become the maker and allow the individuals to become the indorsers. William A. Connelly gave a note of \$39,000 guaranteed by yourself?—A. Yes, sir.

Q. State who Mr. Connelly was and what about the note.—A. My impression is—I am not absolutely sure—that he was a clerk in our bank.

Q. Now, try to give us a positive answer.—A. I can not give you a more positive answer than I have. I am not absolutely sure.

Q. What is he now?—A. I do not know, sir.

Q. How long did he continue in your bank, if he was a clerk?—A. I

do not recall any more than that. I answered the question as intelligently as I could. I think he was a clerk in our bank.

Q. At that time?—A. At that time.

Q. Is that the only note he ever signed for you?—A. I do not recall.

Q. Is that the only transaction—A. I do not recall.

Q. Do not say you do not recollect until you hear the question. State whether or not you ever used Mr. Connelly to assist you in borrowing more than the sum of \$39,000 at one time.—A. I do not know that I fully understand the question.

Q. State whether there was ever in the bank accommodation paper signed by him and indorsed by you of more than \$39,000?—A. Not to my knowledge.

Q. Your impression is there was not?—A. Yes, sir.

Q. Do you remember whether there were renewals of the note which Mr. Connelly gave?—A. No, sir; I do not.

Q. Do you know Mr. Connelly by sight?—A. No, sir.

Q. Did you at the time?—A. Oh, yes.

Q. How did he happen to become responsible for the loan of this \$39,000?—A. I do not recall, sir.

Q. Did you have any understanding with clerks in the bank that a part of their duty as clerks was to sign notes for you?—A. No, sir.

Q. How many different clerks that you now remember were compelled or induced to go through that process?—A. Nobody was compelled to.

Q. What was the process? How did they happen to get their names on the notes?—A. I presume they were asked if they would give their note.

Q. Did you ask them?—A. I do not think I did.

Q. You do not think you ever asked a clerk?—A. No, sir; I do not recall it.

Q. How many different clerks in the bank do you think have at times signed or indorsed notes for you?—A. I should think, running through this list I have before me, that there were perhaps five.

Q. Who asked them to sign notes for you.—A. I do not recall.

Q. State the names of those clerks who signed notes for you.—A. As a matter of fact I can not. I do not remember the identical transaction. I have no doubt that very likely I asked them.

Q. State how you did it and where you did it and under what circumstances?—A. I have just said that I can not locate the particular transaction.

Q. Do you remember ever asking a clerk to sign a note for you?—A. Yes, sir; I think I do. I think I remember asking Mr. Warren, who was a clerk.

Q. Joseph Warren, who was a large borrower when the bank failed?—A. His notes were there for large amounts.

Q. Was he not a borrower?—A. No, sir; I do not think he was.

Q. We will ascertain about that shortly. Give the name of any other clerk whom you asked to sign a note for you.—A. I do not recall any.

Q. Did you ever ask anyone connected with the bank to ask clerks to sign for you?—A. I do not recall.

Q. Or to tell them that they were expected to sign for you?—A. No, sir; Oh, I never made that sort of a proposition.

Q. There was no coercion about it?—A. No, sir.

Q. Now we come back to Mr. Connelly. Was he a responsible man?—A. No, sir; I do not think he was.

Q. Did he have any property?—A. Not that I know of.

Q. Would his note alone for \$1,000 have been discounted by your bank?—A. No, sir.

Q. Did the directors approve of that loan?—A. Yes, sir.

Q. It was a loan made without any reference to the financial responsibility of the maker?—A. Yes, sir; there was collateral behind it. In addition to that there was my guaranty. There was collateral behind everyone of these notes.

Q. We understand that, and you understand that the committee is directing its attention towards the financial responsibility of the makers of the notes to see whether the directors had any reference, in making their discounts, to the financial responsibility of the makers?—A. I do not think they had any more than a savings bank. A savings bank by law requires three names. They get one good name and two which are worthless.

Q. Is that a common method of banking?—A. Yes, sir.

Q. That is the common method in Boston?—A. Yes, sir.

Q. The financial method in discounting notes at savings banks and national banks is to get one good name and two worthless names?—A. Two men of straw. There is always collateral with it, which makes the note good.

Q. Does the clearing-house committee approve of that sort of banking?—A. I do not know, sir, what the clearing-house committee think of it.

Q. Do you understand it is lawful under the national-bank law?—A. I understand it is the general usage.

Q. I notice that this note is for \$39,000, and there are many other notes for \$39,000; sometimes \$39,000, sometimes 39,000-odd dollars, and sometimes \$40,000. Why were so many of these notes which clerks and others signed for you made below the sum of \$40,000?—A. Because under the bank act a bank is only permitted to loan on one name 10 per cent of its capital. Our capital was \$400,000, and to keep within the law we ought not to take notes exceeding \$40,000. The common custom is to cut notes up, so that they shall not exceed 10 per cent of the capital of the bank, whatever it may be.

Q. The object was not to make a loan of over \$40,000?—A. That was the purpose.

Q. And the object was, where a large loan was made to one individual, like yourself, for instance, to have several makers of notes, each note for less than \$40,000?—A. Yes, sir.

Q. So as to comply with the law?—A. Yes, sir; to comply with the law.

Q. Did you consider that a compliance with the law, if you wanted to borrow \$80,000 of a bank which could lawfully loan only \$40,000, instead of making an \$80,000 to make two \$40,000 notes.—A. That was the general custom.

Q. That was the general custom?—A. It is to-day in all the banks. Take the Chemical Bank, of New York. Their capital is \$250,000; their deposits twenty-odd millions of dollars, and they have loans of twenty-odd-million dollars. If their loans were restricted to \$25,000, of course it goes without saying they could not do business. It is a general acknowledgment among officials that that part of the law should be amended. The Comptroller understands it just as I am stating it now. I think the Comptroller, in all the reports which he has made to Congress for the last few years, has almost invariably asked Congress to change the law so as to permit the banks to loan 10 per cent of their capital and surplus reserve in addition.

Q. Your memory is accurate on that subject?—A. I think so. It is a subject familiar to every man in the banking business.

Q. Do you consider that this system was a lawful one?—A. Well, sir, I think it is a good deal like the ordinance we have in Boston to prevent smoking in the streets. People do it right straight along and nobody gets troubled for it.

Q. And is quite as harmless?—A. Yes, sir.

Q. I will read section 5200 of the Revised Statutes:

The total liabilities to any association, of any person, or of any company, corporation, or firm, for money borrowed, including in the liabilities of a company or firm the liabilities of the several members thereof, shall at no time exceed one-tenth part of the amount of the capital stock of such association actually paid in.

Were you familiar during this period with that clause?—A. Yes, sir.

Q. I will read you another clause in the law, section 5239:

If the directors of any national banking association shall knowingly violate, or knowingly permit any of the officers, agents, or servants of the association to violate, any of the provisions of this title, all the rights, privileges, and franchises of the association shall be thereby forfeited.

Were you familiar with that clause?—A. Yes, sir.

Q. Did you consider when you made these loans that you created a forfeiture of the charter of your bank?—A. I knew the law.

Q. Yet you believed that it was right to do that thing?—A. I think every bank in the country does it.

Q. I am not after the other banks now. Their sense of honor and morality may not be as acute as yours. I am after this: I want to know whether you consider that lawful and correct banking?—A. Mr. Chairman, it would have been absolutely impossible for us to have done business and confined ourselves to making loans—

Q. Perhaps it would have been better if you had not done so much business.—A. Possibly.

Q. I want to know whether you considered it lawful? Was it lawful or was it a violation of the law?—A. It was a violation of the law.

Q. Now we will go on, if you please. Look at the name William M. Curtis, \$39,000. Who was Curtis?—A. I do not know his business. That note was just like the Connelly note. There was no responsibility on the part of Curtis. There was collateral with the note. In addition to the collateral I guaranteed it, and my guaranty made it good.

Q. That loan was made without any reference to the financial responsibility of Mr. Curtis?—A. Yes, sir.

Q. Your memory has grown clearer on that point since the examination begun. At first you did not know whether they were made with or without reference to the financial responsibility of the signers.—A. I did not mean to evade your question. If I did, it was a mistake.

Q. Who was Curtis?—A. He was not a clerk in our bank. I do not know who he was.

Q. You do not know anything about him?—A. No; I do not.

Q. Did he ever have more than this one transaction for you?—A. No, sir; I think not.

Q. Who procured Mr. Curtis to kindly sign a \$39,000 note for you?—A. I do not recall, sir.

Q. Was he a white man or a black man?—A. He was a white man.

Q. Are you sure?—A. Yes, sir.

Q. How are you sure of that?—A. I am not color blind.

Q. Then I am to infer that you had seen the man?—A. I told you I had seen the man, but that I did not know what his occupation was.

Q. You had seen him, and he was white?—A. Yes, sir.

Q. Have you known of any colored men signing accommodation notes of more than \$40,000 at the bank?

The WITNESS. For me?

The CHAIRMAN. Yes.

A. No, sir.

Q. Your backers have all been white. Have you known any colored men to sign for anybody else?—A. Yes, sir.

Q. Give us the name of those men who were willing to come to the help of borrowers?—A. We had a note of Mr. Hosler. He is a colored man, was one of our depositors, and one of our borrowers.

Q. Was his name George E. Hosler, or Albert?—A. I think it is A. J.

Q. There were two of them?—A. I think so, now that you speak of it, although I only thought of one.

Q. Did you know them?—A. Yes, sir.

Q. For whom did they sign notes?—A. For Mr. Hyde; the notes have been paid; were amply secured by collateral; ample margin.

Q. We understand that. The result proves that.—A. I did not want the impression to go out that we have been putting in boys' notes and men of straw and borrowing money, taking the money without putting with the notes collateral. Every note put in that bank was amply secured with good collateral. In addition to that it had a good indorsement. I do not think the public have fairly understood it, and I desire that they shall. That is my reason for repeating that statement.

Q. Repeat that as often as you think it will subserve your purpose, and then answer my question. Did you indorse any of these two colored men's notes?—A. No, sir. I think I guaranteed one note. I think I joined in a joint guarantee of one note of A. J. Hosler's.

Q. You will find that on page 44, A. J. Hosler, guaranteed by A. P. Potter.—A. Yes, sir; I had not seen it until you called my attention to it.

Q. You will also find on page 46, George E. Hosler, \$40,000, guaranteed by Jonas H. French. Do you find those two notes?—A. I have not yet found the one on page 46; I suppose I shall.

Q. It is toward the bottom of the page.—A. Yes, sir; I see it.

Q. Are those two men brothers?—A. I do not know whether they are or not.

Q. What is their business?—A. A. J. Hosler is a clerk of Mr. Hyde's. I do not know what George E. Hosler's business is.

Q. Are they men of financial responsibility?—A. No, sir; I think not.

Q. Neither of them?—A. I do not think so.

Q. What was their motive in signing these notes, so far as you know?—A. I suppose they were asked to do it, and they assented, as did the others.

Q. Did they do it from a sense of obligation or on account of personal relations, or why did they do it?—A. I can not tell you.

Q. Why did you guarantee Mr. A. J. Hosler's note—to accommodate Mr. Hyde?—A. I think I had a half interest in the transaction for which the note was given.

Q. You got half of that loan, you think?—A. Yes, sir; I think so.

Q. We will take William Ladd Dodge, who signed a note for you for \$39,000. Who was he?—A. At that time he was in the custom-house.

Q. What has been his business generally?—A. Previous to that time he was a clerk; I think he was a bookkeeper.

Q. A man of any financial responsibility?—A. I think not, sir.

Q. And the directors did not inquire or remark about that?—A. The

collateral and indorsement I have heretofore referred to made that good.

Q. Henry M. Farwell, \$30,000?—A. No responsibility; collateral and indorsement made it good.

Q. We would like to know the history of these accommodating gentlemen, who they were, and what their business was, so that we can find them in case we want them?—A. Mr. Farwell is not in any business.

Q. What was his business?—A. He was formerly a merchant.

Q. An insolvent merchant?—A. He is now.

Q. Was he then?—A. I think so.

Q. Was he known to the directors to be insolvent?—A. He was not regarded as a man of any responsibility.

Q. What induced him to sign?—A. Oh, sir, I suppose for the same reason that one merchant loans his note to another merchant.

Q. Did he have social or political relations with anybody?—A. I do not know; not with me.

Q. You do not know whether it was an act of friendship or for pecuniary reasons?—A. I can not tell you.

Q. Did you pay any of these men money for signing notes?—A. Not a penny.

Q. Did it ever result in any pecuniary benefit to any of them?—A. Not to my knowledge.

Q. Was Mr. Farwell selected to sign that note because he was known to be an insolvent person?—A. No, sir.

Q. Was that not a principle of these loans we are discussing, that the maker should not be a person of financial responsibility?—A. I think not.

Q. That was not insisted upon by the directors?—A. The subject never came up in any form.

Q. Whether they were responsible or irresponsible was treated as an indifferent matter?—A. I repeat again that the collateral and the guarantee made the notes good.

Q. The directors of the bank did not consider whether the parties were solvent or insolvent?—A. No, sir.

Q. You want to be understood that they did not object to their being solvent. It was not a fundamental condition of the maker of one of these notes that he should be insolvent or unable to pay?—A. No, sir.

Q. B. F. Gleason, \$39,000?—A. That is the same as the others.

Q. Tell us all about it?—A. I do not recollect Mr. Gleason.

Q. You do not know him?—A. No, sir.

Q. Did you know him then?—A. Yes, sir; I did. He may have been a clerk in our bank.

Q. Have you seen him?—A. I do not recall him.

Q. You have no recollection of him?—A. I have no recollection.

Q. You do not know whether he is white or black?—A. No, sir.

Q. And can give no account of Mr. Gleason except that he might have been a clerk in the bank?—A. I do not recall.

Q. Now, we come to a name that perhaps you will remember, H. Kellogg, jr., \$40,000. Tell us about him.—A. He is a note broker on the street.

Q. Sells notes?—A. Yes, sir.

Q. Is he a brother of Charles F. Kellogg?—A. Yes, sir.

Q. Was H. Kellogg, jr., ever in your employ?—A. He was some years ago.

Q. Before he signed those notes or when he signed those notes?—A. I think before.

Q. What was he at the time?—A. He is a note broker.

Q. What was he at the time?—A. He was a note broker then.

Q. Was he financially responsible then?—A. Not for \$40,000.

Q. Is he now?—A. No, sir.

Q. He never has paid this note?—A. No, sir. I am not certain that the collateral has not paid it.

Q. He has not paid it?—A. No, sir; he would not have occasion to pay it if the collateral paid it.

Q. He would not have occasion to pay it if the collateral paid it, but if the collateral did not pay it he would have occasion to pay it. Do you understand that these men not only were not able to pay, but that they did not expect to pay?—A. They did not expect to pay.

Q. Was there that understanding that they should not pay even if the collateral did not pay?—A. If I borrowed a man's note I agreed to pay it, and he did not expect to. His legal liability you know without my suggesting it.

Q. Is to pay?—A. I have no doubt this particular note is paid to-day.

Q. You think it is paid?—A. I think it is. I have no reason to doubt it.

Q. That is one of the facts we want you to get from the books. Sylvester Lacy, \$39,000. Who was he?—A. I do not recall Lacy.

Q. The names in this list do not seem to be very familiar to you, although they are on your paper in sums generally reaching to \$40,000?—A. Yes, sir. I think he was a clerk in our bank; I am not certain.

Q. Please make your memory sure on that point.—A. I can not tell you. I can not state anything more than my impression.

Q. What is he now and where is he now?—A. I do not know where he is now.

Q. Did you know him at the time to be financially irresponsible?—A. I did not regard him as responsible.

Q. Did your directors know it?—A. I presume so.

Q. Name the directors who knew him to be irresponsible.—A. Take our board of directors. I do not think any of them assumed that he was responsible.

Q. Now, name the men who did know that Mr. Lacy was irresponsible.—A. Our entire board.

Q. Name them.—A. Col. French, Mr. Dana, Mr. Woods, Mr. Work, and myself comprised the board.

Q. You had five directors?—A. Yes, sir.

Q. Did you start in originally with five directors?—A. No, sir. I think the bank originally had seven, and I am not sure it did not have nine.

Q. But as vacancies took place you did not fill them?—A. No, sir.

Q. And finally reduced the board to five?—A. Yes, sir.

Q. And they all knew as much as you did about this paper?—A. Yes, sir.

Q. Has your memory brightened up any about Sylvester Lacy?—A. No, sir.

Q. Give us some clue to him.—A. I can not.

Q. Of whom shall we inquire?—A. I can not tell you.

The CHAIRMAN. Mr. Clerk, has Mr. Lacy been found by the marshal?

The CLERK. He has not been reported.

The CHAIRMAN. If we want to find him will you kindly help us?

The WITNESS. I will if I can.

Q. Do you know whether that note has been paid?—A. I do not know.

Q. Then we get no light about that loan. T. M. Mitchell, \$15,000. Is he the same as Thomas Mitchell, \$9,457.50, which is found lower down the page?—A. Yes, sir.

Q. Who is T. M. Mitchell?—A. He was a clerk in our bank.

Q. Of any financial responsibility at the time he made this note?—A. No, sir.

Q. For how much was he responsible?—A. He had not any means. The same answer that I have heretofore given would apply to him.

Q. We want the details.—A. He was a clerk in the bank.

Q. He was a clerk in the bank?—A. Yes, sir. I would like to say that there was collateral—

Q. Do not forget to mention that. I want you to mention it. Do you remember how much collateral there was for Mitchell's notes?—A. No, sir.

Q. Did these clerks and others all sign promissory notes with their own hands and pens?—A. Yes, sir.

Q. Every time?—A. Yes, sir.

Q. How do you know?—A. Because I am very certain we had no forged notes in our bank.

Q. How do you know that Sylvester Lacy signed his note?—A. I do not.

Q. Then you withdraw the statement that you know that all the clerks signed the notes, do you?—A. Yes, sir.

Q. There is one man you did not know about?—A. Yes, sir.

Q. Take Curtis, did he sign?—A. Mr. Chairman, you have put me in a position where I have to say that I do not know unless I absolutely saw them sign the notes.

By Senator CARLISLE:

Q. You did not see them sign?—A. No, sir.

By the CHAIRMAN:

Q. It is your privilege to answer questions in your own way, as nearly directly as you can.—A. I can only say I do not know.

Q. Your positive statement that these men all signed was based upon your belief that you never had any accommodation notes which were not signed by the parties?—A. Yes, sir; I could not see any motive for the notes being forged.

Q. That is argument, and not a fact.—A. There is my mistake.

Q. Did Mr. Joseph M. Cox, \$40,000, sign the note?—A. I can not tell you, sir. I did not see him. I assume he did.

Q. How did he happen to make a note for you?—A. I do not know.

Q. Who was Joseph M. Cox?—A. He was a clerk in the office of I. A. Evans & Co.

Q. Who asked him to make a note for you?—A. I do not recall.

Q. You do not recall that?—A. No, sir; I do not.

Q. Your belief that these notes were all signed by the makers is a general belief based upon the fact that you never heard of any notes that were not signed by the makers?—A. Yes, sir; that is it.

Q. Did you ever hear of any notes that the parties alleged they did not sign?—A. No, sir.

Q. Has any defense ever been set up since the bank went into the hands of a receiver that the parties did not sign the notes?—A. Yes,

str. I do not know whether it took a substantial form or not. Somebody, I can not tell you who, told me—I think it was the counsel of the receiver; of that I am not absolutely sure—that there was a maker of a note who did not remember having signed it.

Q. Is that the only case?—A. And in continuing the conversation he said he had been in the habit of signing notes frequently, always when he was asked, and very likely he might have signed the note, but he did not remember it.

Q. Is that the only case?—A. That is the only case I ever heard of.

By Senator CARLISLE:

Q. Who was he?—A. I think it was this same Mr. Cox or Mr. Bickford.

By the CHAIRMAN:

Q. What Cox?—A. Joseph M. Cox.

Q. Who was he?—A. They were both clerks in Mr. Evans's office. There was collateral with the note. Somebody, I think Mr. Hutchins, said when they were called upon regarding the note they said they did not recollect having signed it. They could not tell anything about it, and being pressed further—

Q. That is the only case of that sort that you have heard of?—A. Yes, sir.

Q. W. F. Morris, \$39,000. Who was he?—A. I am not quite certain. I think he was a clerk in our bank; of that I am not positive.

Q. Did you know him?—A. I do not recall him.

Q. Do you understand he had any financial responsibility?—A. I did not understand him to be a man of means. I did not regard him as a man of means.

Q. Now we come to Joseph Warren, \$40,000. Is he the same person who gave a note which passed into the hands of a receiver, dated October 21, 1891, for \$402,236.52?—A. Yes, sir.

Q. Give us a description of Joseph Warren?—A. He was a clerk in the bank.

Q. At that time?—A. Yes, sir.

Q. What was his function in the bank? What did he do in the bank?—A. He was a general custodian of all paid checks and paid vouchers. He had a room to himself where these documents were stored and filed.

Q. How long had he been in the employ of the bank?—A. Seven or eight years.

Q. Had he been in your employ before he became clerk of the bank?—A. Oh, no, sir.

Q. How did you happen to select him as the four-hundred-and-two thousand-dollar-man on October 21, 1891?—A. That \$402,000 note was given just merely to put in form, to keep in some shape, a miscellaneous lot of securities that we received on that day. We did not know—I did not know—just how to enter them up. We could not let them lay loose in the cash, and for the purpose of having them in some form, to be subsequently separated and charged to the proper accounts, I told our cashier to take somebody's note and hold it in that way until we distributed the securities to the proper head

By Senator CARLISLE:

Q. And you put those securities as collaterals with the note?—A. Yes, sir; with the note.

By the CHAIRMAN:

Q. Take the amount that was needed to be credited to bills receivable for instance, and charge it to this loan?—A. Charge it to bills receivable and hold in that way until they could separate it and put the securities wherever they belonged under the proper head.

Q. Did Mr. Warren sign the \$402,000 note?—A. Yes, sir.

Q. Who asked him to sign that note?—A. I have no doubt Mr. Work did. It was entirely immaterial whose note we had. It was simply to hold it together and in form.

Q. If you had this ample collateral that you speak of?—A. Yes, sir.

Q. Was it a loan to Mr. Warren in fact?—A. No, sir; it was not.

By Senator DIXON:

Q. Was it a mere matter of bookkeeping? There was no discount?—A. There was no discount.

By Senator CARLISLE:

Q. It was not a loan to anybody?—A. The securities belonged to the bank. They had been taken in settlement.

Q. You did not know how to enter them separately?—A. I did not know how to enter them at that moment.

By the CHAIRMAN:

Q. As a matter of fact the bank took Mr. Warren's note, and holds it now?—A. The records so show.

Q. The receiver has the note now?—A. Yes, the receiver has the note.

Q. So that it was an actual discount of a note of Mr. Warren's?—A. It was so far; I have explained it.

By Senator DIXON:

Q. Do you mean to say it was a discount?—A. No, sir; it was not a discount. We received numerous securities in the settlement of a transaction on that day. It was late in the day. Our bank closed at 3 o'clock. The securities had to be entered under their proper head. There were some notes, stocks, and bonds, and I said to Mr. Work, "Just take a note for that and enter it up in that way, and then later on I will tell you how to dispose of the securities and put them under the proper heading." That having been done the note would have been entered as paid.

By Senator CARLISLE:

Q. Was it done?

The CHAIRMAN. The bank failed.

A. No, sir; the bank failed before we got around to it.

By Senator CARLISLE:

Q. The bank failed before the distribution of the collaterals was made, and consequently the notes and collateral were found there?—A. Yes, sir; it has the appearance of being an out and out loan of \$400,000, which was not the case, and I am glad of the opportunity to explain it.

By the CHAIRMAN:

Q. This embraces the Irving A. Evans settlement?—A. Yes, sir.

Q. Lewis Child, \$39,000?—A. It is just like the other notes.

Q. We want to know who he is.—A. He is a man of no financial responsibility. He was not a clerk in our bank, and I do not know where he is now.

Q. Did you ever see him?—A. Oh, yes, sir; I have seen him.

Q. Did he sign this note at your request?—A. Yes, sir; it was signed for me.

Q. Was it at your personal request?—A. Yes, sir; I solicited him.

Q. You remember him well enough to know that you asked him to sign this note?—A. No, sir; I say frankly that I do not.

By Senator CARLISLE:

Q. You have been asked frequently by the chairman whether you requested this man and that man or the other one to sign a note, and I believe that your answer has generally been that you did not remember that you had personally requested him to do so. Will you state in a general way what was the usual course with regard to these notes; that is to say, whether you would go personally and ask someone to sign a note for you, or whether you would simply inform someone in the bank and that other person would go and ask them to sign. What was the general custom?—A. I think, as a rule, Mr. Senator, that I asked Mr. Work if he would get me a couple of notes or a note for \$39,000 or \$40,000. I think that was the way I ordinarily did it. I do not think as a rule that I personally asked it. I was pretty well occupied; in fact I was a very busy man, and I would ask him if he would get me a note.

Q. That is all?—A. It is not that I am desiring to withhold anything. I am not able to answer positively whether I knew this man or asked him to sign the note personally.

By the CHAIRMAN:

Q. How about Lewis Child?—A. I can not say anything more of him than I have already said. I do not recall him.

Q. Can you say whether he was a clerk in your bank?—A. I do not think he was.

Q. E. H. Hewins, \$39,942.50. Who was he?—A. He was a brother-in-law of mine.

Q. Had he any financial responsibility?—A. Not sufficient to pay that note.

Q. Did you ask him to sign?—A. Yes, sir; I asked him myself.

Q. Was he a frequent signer of large notes for you?—A. I never had but this one amount, although this amount was renewed several times.

Q. H. G. Dillaway, with collateral, \$39,982.11. Who is he?—A. He was a broker and is responsible. There was specific collateral with that note.

Q. Has that been paid?—A. No, sir.

Q. Is the collateral sufficient to pay it?—A. No, sir; the collateral has been sold; so Mr. Dillaway told me yesterday.

Q. The balance has been charged against him?—A. There is a deficiency; I forget the amount.

Q. On page 143 of the printed testimony it appears that there was collected from the collateral of Asa P. Potter \$26,895. Thirteen thousand and odd dollars remain due from Mr. Dillaway, according to his statement?—A. Yes, sir.

Q. Is he able to pay that?—A. Yes, sir.

Q. He is good for it?—A. Oh, yes, sir; I think he is good for it.

Q. Do you know why he does not pay?—A. No, sir; I do not.

Q. State more distinctly about Mr. Dillaway. You say he is a broker?—A. A broker right on the street.

Q. Have you had business dealings with him for ten or a dozen years?—A. Yes, sir; I should think as many years as that.

Q. Have you had speculations with him in stocks or anything else?—
A. I have never had any transaction with him in my life. This was the only transaction.

Q. This was the only transaction of any kind that you have had with him?—A. Yes, sir.

Q. Did you pay him any commission or anything?—A. No, sir.

Q. W. A. Haskell, \$27,157.51. Who is he?—A. He is dead.

Q. Who was he?—A. He was a man of means, and perfectly good. His estate is good.

Q. Then perhaps that note has been paid?—A. No, it has not been paid. The administrator or executor is contesting it.

Q. On page 143, item No. 166, there are various collaterals?—A. Yes, sir.

Q. On what ground is it being defended?—A. I am personally liable for one-half of that note to Mr. Haskell's estate, and Mr. Haskell's estate is legally liable to the bank.

Q. That was a joint operation of Mr. Haskell's and your own?—A. Yes, sir.

Q. Purchase of stock?—A. No, sir; I do not know as it is material, but it was a purchase of bonds. The receiver has called upon Mr. Haskell to pay the face of the note. The estate is willing to pay one-half of it, but defends the payment of the whole on the ground that the note is held by the bank with the knowledge that I had a half interest in it, and that I was personally liable for one-half.

By Senator CARLISLE:

Q. The estate is contesting one-half of it, in fact?—A. Yes, sir.

By the CHAIRMAN:

Q. Who is the administrator?—A. Edwin Morey. He used to be president of the Boston and Lowell Railroad.

Q. A. Q. Miller, \$38,260. Who is he?—A. He lives in Brockton at the present time.

Q. What was his business at the time he gave this note?—A. He was a clerk for Mr. Niles, the advertising agent.

Q. Had he financial responsibility?—A. No, sir. But the collateral which was with the note at that time made it good. It has since depreciated.

Q. This collateral of which you speak as being good at the time has not paid all these notes?—A. No, sir.

Q. On page 143, item No. 171, there occurs the name of A. G. Miller. I suppose it is the same, \$38,060. It is there reported with various collaterals.—A. Yes, sir.

Q. How did Mr. Miller happen to sign that note?—A. That note I remember about. I asked Mr. Niles if he would ask Mr. Miller if he would give me his note for that amount. I had the note made up, with the collateral stated in it at the time.

Q. What was the inducement to Mr. Miller to give that note?—A. None, whatever, so far as I know.

Q. Turn to page 143, and read the collaterals with that note.—A. "Ten thousand dollars, J. T. & K. W. R. R."—

Q. Give the full name.—A. Ten thousand dollars, Jacksonville, Tampa and Key West Railroad collateral, trust series B, \$350, Jacksonville, Tampa and Key West Railroad scrip; one hundred and sixty shares Florida Commercial Company; twelve shares Quincy Market Cold Storage Company; thirty-five shares Boston Cab Company; one hun-

dred and fifty-three shares Florida Southern Railway Company; twenty-five shares Aztec Land and Cattle Company.

Q. Were those securities all yours?—A. Yes, sir.

Q. And this note was solely for your accommodation?—A. Yes, sir; solely for my accommodation.

Q. With your own collaterals?—A. Yes, sir.

Q. Were these all the collaterals put up?—A. Yes, sir; I think so, although I am not certain that the Jacksonville and Tampa bonds were not other bonds which were exchanged by a railroad deal. The old Florida Southern Railroad bonds were merged, and became the J. T. bonds.

Q. Apparently nothing has been realized on any of those collaterals?—A. Apparently not. I do not know whether there has been or not.

Q. Nothing is credited on this list.—A. So I see.

Q. Has Mr. Miller any financial responsibility?—A. I do not think he has.

Q. If these collaterals have not been sold it is to be presumed that the receiver has not found a market for any of them?—A. For two of the securities there is a market; for the others, not.

Q. What are those two?—A. The Cold Storage stock can be sold in a minute; it is perfectly good; and the Cab Company stock can be sold, although the price is not as good as it was.

Q. How about the Aztec Land and Cattle Company? That is a Mexican company.—A. That is not salable.

Q. There is such a company?—A. Yes, sir.

Q. Was the company organized by yourself?—A. All the interest I ever had in it was to own a little stock in it.

Q. These twenty-five shares?—A. Yes, sir.

Q. Do you remember the date of this Miller transaction?—A. No, sir; I do not.

Q. It is January 21, 1888. That note had been running all that time?—A. Yes, sir; if that is the date.

Q. At 5 per cent?—Yes, sir.

Q. Was it renewed regularly?—A. No, sir; it was a demand note.

Q. I understand. There was no renewal of these notes, except so far as the interest was renewed?—A. Yes, sir.

Q. Did you keep the interest paid regularly on that note?—A. Yes, sir; absolutely.

Q. Did Mr. Miller ever get uneasy about it?—A. Not to my knowledge.

Q. Do you ever see Mr. Miller?—A. No, sir; I have not seen him for a long while. He lives in Brockton.

Q. Did you ever see him?—A. Yes, sir.

Q. You knew him?—A. Yes, sir.

Q. Had he social relations with you?—A. No, sir.

Q. The committee are anxious to get all the light they can on this method of doing business. Please give us some idea of the motive of Mr. Miller in signing this note. You did not see him and did not ask him to. How could one to-day, if he wanted to borrow \$40,000, get some one here in Boston to make a note like that as easily as you did?—A. I suppose it would be a very simple thing to do it to-day, as it was then.

Q. Let us see how you did it.—A. I remember about that note, because I did it personally.

Q. Tell us about it.—A. I had the note made up; it was a collateral form note, with the collateral stated in the body.

Q. There was no signature?—A. No signature.

Q. It was ready for anybody to sign?—A. If you please. You are rather putting words in my mouth that do not belong there.

Q. I do not intend to get ahead of you. I thought the fact that it was all made out ready to be signed indicated that you were ready to let anybody sign the note who would do it.—A. No, sir; that was not in my mind.

Q. I beg your pardon.—A. I went up to Mr. Niles's office. He is a friend of mine, and a man with whom we were doing a good deal of business. You asked me if I was socially intimate with Mr. Miller. He was a young man in Mr. Niles's office who used to come to us on errands for Mr. Niles. I knew him in that way.

Q. An office boy?—A. No, sir; he was not an office boy.

Q. How big a boy was he?—A. He was of age.

Q. How much above age was he?—A. He was 23 or 24 years old.

Q. You thought of him, and thought he was a good man, if he was a man?—A. I asked Mr. Niles if he thought Miller would object to signing a note for me, and he said "no; he would be only too glad to do it."

Q. What did he mean by saying Miller "would be only too glad?"—A. I suppose he thought it was in the nature of a favor. He asked him to sign his name to it, and I carried it back to the bank.

Q. What made you think of Miller at that time, January, 1888?—A. I can not recall.

Q. Did you have in your office any list of available men or boys to call upon for this purpose?—A. No, sir.

Q. Did you have any stock on hand?—A. No, sir.

Q. How did you happen to call upon him?—A. I can not recall the workings of my mind in 1888.

Q. Did you ever make any recognition to him for signing this note?—A. No, sir; I handed the note back to him and thanked him.

Q. Did he bring the note to you?—A. I stated I went to Mr. Niles's office.

Q. Was it all done in the room?—A. It was all done there.

Q. Did you hear what Niles said to Miller?—A. I think I did.

Q. What did he say?—A. I can not undertake to repeat it.

Q. Give us an idea.—A. I have given you an idea.

Q. Mr. Niles said he would be only too glad to do it. What did the boy say?—A. I do not remember.

Q. He just signed the note right off, as soon as he got into your presence. Was it explained to him that he was to sign a note?—A. Mr. Niles asked him if he would sign the note, and he said yes.

Q. Right off, "yes?"—A. I can not say.

By Senator DIXON:

Q. Was the collateral named on the face of the note?—A. Yes, sir; it was a collateral blank.

Q. You guaranteed it?—A. Yes, sir; I guaranteed every one of these notes.

The CHAIRMAN. You might repeat that statement.

The WITNESS. I do not desire to have it omitted this time.

By the CHAIRMAN:

Q. Did you put in any other collateral for that particular note besides those you have read?—A. I had general collateral in the bank to supply any deficiency.

Q. Behind any specific collateral that you might put up for any particular note you had your grand general collateral?—A. Yes, sir.

Q. Now about this. I want you to dwell a little upon this transaction. Was this man shown the collaterals?—A. They were stated on the note.

Q. You did not take the collaterals with you and exhibit them to him?—A. No, sir.

Q. Was he told that collaterals were going with the note?—A. It was so stated on the note.

Q. Was he told so?—A. I do not recall.

Q. Did he read the note?—A. I do not recall.

Q. Did he show any curiosity about the collateral—A. I do not recall.

Q. Of the Aztec Land and Cattle Company?—A. I do not recall that he inquired about any of the collaterals.

Q. He signed it, handed it to you, and you went back to the bank and had it discounted. Did you ever see him again?—A. Oh, yes, sir; innumerable times.

Q. Coming into the bank for Mr. Niles?—A. Yes, sir.

Q. Did you ever make him any acknowledgment for signing the note?—A. I have already answered that I did not.

Q. You do not recall showing him any favor?—A. I do not recall having done so.

Q. W. G. Monk, \$32,219.24. What was he?—A. I do not recall who Monk is. What page, if you please?

Q. Page 144.—A. I do not recall who he is.

Q. You can not give us any light as to where we could find this Monk?—A. No, sir; I can not.

Q. You had no reason to suppose him to have been financially responsible?—A. No, sir.

Q. Or that of any of the directors ever thought he was?—A. No, sir.

Q. J. H. Bates, \$39,000. Who was he?—A. I do not remember Mr. Bates.

Q. Scott F. Bickford, \$40,000. Who was he?—A. He was a clerk with Irving A. Evans & Co.

Q. Did you know him well?—A. No, sir; I only knew him as a clerk there.

Q. Did you ask him to sign the note?—A. No, sir; I asked Mr. Evans.

Q. E. M. Bixby, \$40,000.—A. He was a clerk with Mr. Evans.

Q. Frank Q. Brown, \$40,000.—A. He is treasurer of the Florida Commercial Company.

Q. And is he a man of any financial responsibility?—A. He is a man of some financial responsibility; just how much I do not know, sir.

Q. Do you know what has become of that note?—A. I assume it is in the bank; I do not know.

Q. Have you any knowledge that it is paid?—A. I have not.

Q. Who asked him to sign for you?—A. I am under the impression that I did; I am not absolutely sure.

Q. The Bixby and Brown notes are reported on page 143; on the Bixby note, "collected from collateral of Asa P. Potter, \$15,276." Mr. Bixby then owes the balance of the \$40,000 apparently?—A. Yes, sir.

Q. Frank Q. Brown note; no collection from the collateral, and Mr. Brown therefore owes the whole of the amount?—A. Yes, sir.

Q. So far as you know?—A. So far as I know.

Q. Joseph M. Cox you have already said was a clerk with Irving A. Evans & Co.?—A. Yes, sir.

Q. Charles F. Kellog; you have stated who he was?—A. Yes, sir.

Q. Who asked him to sign a note?—A. I do not recollect, sir.

Q. It seems on page 143 that a note of U. F. Kellogg of \$19,889.63 has been paid by collection from your collateral. That particular note is almost paid. W. L. Candler, \$37,500. Who was he?—A. He is treasurer of one or two corporations. That note of itself I think is good.

Q. Was he responsible at that time?—A. Yes, sir.

Q. And you think is now?—A. I think so.

Q. Why does he not pay his notes at the bank?—A. This note was given for my accommodation, and I do not know why he does not pay it.

Q. Turn to page 143, William L. Candler, \$37,500; \$20,000, St. John & Lake Eustis Railroad Company first mortgage 6s as collateral. Is that an accommodation note for you?—A. Yes, sir.

Q. Are these securities of any value?—A. Yes, sir.

Q. Have you any idea why the receiver does not realize upon them and credit the proceeds on the note?—A. No, sir; I have not.

Q. Have you any knowledge why they are not realized upon?—A. No, sir. The collateral is slow of sale. The road has been in litigation.

Q. You do not know why Mr. Candler does not pay?—A. No, sir; I do not absolutely know why he does not pay.

Q. There are unpaid notes of Mr. Candler held by the receiver?—A. Yes, sir; there is another note. There is a surplus of collateral on the other note.

Q. That is his own note?—A. Yes, sir.

Q. On page 142 there are two notes, one of \$1,000 and another of \$2,840, with \$8,000 J. T. and K. W. collateral?—A. Yes, sir.

Q. That is his own note and not yours?—A. Yes, sir.

Q. H. F. Woods, trustee, \$37,109.10. Who was he?—A. He was a director in our bank.

Q. And was requested by you to sign a note for you?—A. Yes, sir.

Q. Is that note unpaid?—A. Yes, sir. I do not know how much of it has been paid.

Q. Turn to page 143.—A. There is real-estate collateral with that note, and I think he is selling the real estate, but not rapidly.

Q. That is secured by certain real estate, as appears on page 143?—A. Yes, sir.

Q. Is Mr. Woods personally financially responsible and able to pay?—A. Yes, sir.

Q. Was he at the time?—A. Oh, yes.

Q. Did he ever make default in the payment of any note prior to these?—A. No, sir; I do not think he gives notes. I have never known of his not meeting his obligations.

By Senator DIXON:

Q. Those two are his own?—A. No, sir; they are for my accommodation—the H. F. Woods note you are speaking of?

Q. I referred to Mr. Candler.—A. The other two belong to him to pay.

Q. They are his own?—A. Yes, sir.

By the CHAIRMAN:

Q. Charles W. Clark, with collateral, \$45,384.63. Who was he?—A.

I think he was a clerk in Mr. Dana's store. I am not quite certain; I think I am right.

Q. Who got him to make a note for you?—A. I think I am right. I observe it is a transaction where Mr. Dana and myself are interested, and Mr. Dana and myself guaranteed the note. Mr. Dana undoubtedly asked him. I did not.

Q. Was it a joint transaction of yours and Mr. Dana's?—A. I think so, although I do not recall it.

Q. Was Mr. Clark financially responsible?—A. As a matter of fact, I do not know, but I do not suppose he was.

Q. You have no reason to suppose he was?—A. No, sir.

Q. R. P. Waters, \$29,045, with 104 Atchison, Topeka and Santa Fé Railroad 4 per cents as collateral. Who was R. P. Waters?—A. Somebody that Mr. Dana got; I do not know.

Q. Do you know whether the note has been paid?—A. No, sir; I do not.

Q. But you know that he was procured to sign by Mr. Dana?—A. I think so.

Q. Do you know the man?—A. No, sir; I do not.

Q. C. E. Hanscom, \$18,268.15?—A. Those were all brought in by Mr. Dana, and the same answer would apply.

Q. I would like to have your individual answer?—A. I do not know him.

Q. Otis L. Goodwin, \$5,000?—A. I do not know him either.

Q. Joseph C. Greely, 10,000?—A. I do not know him.

Q. Thomas Mitchell you have answered about. Roger Sherman, \$25,000—what is his middle name?—A. I do not know, sir. Roger I, it says here.

Q. Somewhere else he is given another initial. Do you know him?—A. No, sir; I do not.

Q. His note was for \$25,000. Who procured him to make that note?—A. Mr. Dana, undoubtedly.

Q. Of that list of seven names all were procured by Mr. Dana?—A. Yes, sir.

Q. Henry P. Goold, \$39,000; who was he?—A. I think he was a clerk for Jones, Cook & Co.

Q. Who are they?—A. They are brewers.

Q. Do they do business as brewers in their own name?—A. I think so, sir. They have signs out, "Jones, Cook & Co."

Q. Do they sign their names to notes in that way?—A. I think they had an account in our bank in that way.

Q. I am asking you what their business is?—A. I said they are brewers; they sell ale.

Q. Do you know of any brewery that they own?—A. Yes, sir; they did own a brewery in South Boston. Now that you speak of it, that brewery was sold when Mr. Jones's brewery in Portsmouth was sold.

Q. To the Frank Jones Brewing Company?—A. It is now the Frank Jones Brewing Company; they may be agents.

Q. I am asking you what their business is?—A. I should say they were selling agents for the Frank Jones Brewing Company.

Q. That is intelligible. Are you a director in that company?—A. No, sir; I am not now; I was.

Q. Originally you were?—A. Yes, sir.

Q. Is Goold financially responsible?—A. I do not think he is.

Q. Who had the proceeds of that loan?—A. Mr. Sinclair had the proceeds. The notes have all been paid.

Q. That is refreshing, but who had the proceeds of that note?—A. Mr. Sinclair.

Q. Were many notes discounted by the bank for Mr. Goold, with his name on them, indorsed by yourself and Mr. Sinclair?—A. I do not recall so many. I do not know that I recall any except this one; there may have been others.

Q. That loan was wholly for the accommodation of Mr. Sinclair, I understand you to say?—A. You asked me who had the proceeds, and he had the proceeds. Sinclair paid the note.

Q. Had you transactions with Mr. Sinclair in the course of which that note could have been used?—A. I had transactions with Mr. Sinclair and we had certain notes. Whether this was one of them or not I can not tell you.

Q. That is immaterial for the present. I understand the qualification you make to your answer. As a matter of fact he received the \$39,000?—A. He received the \$39,000 and he paid the note.

Q. T. S. McGowan, \$45,020.27. Who was he?—A. He was also a clerk of Jones, Cook & Co.

Q. Was he a man of any financial responsibility?—A. I think not, sir.

Q. Who constituted the firm of Jones, Cook & Co.?—A. Mr. Frank Jones, Mr. J. P. Cook—

Q. James or John?—A. He always signs it J. P.; and Mr. Sinclair. I think they are the only three partners.

Q. Here are two notes guaranteed by you and Mr. French. John H. Clark, \$35,895.86. Who was he?—A. I think he was a clerk in our bank. That is my impression.

Q. Can you say positively that he was?—A. No, sir; I can not.

Q. Did you have any Clark who was a clerk in your bank?—A. Yes, sir; I think we did, and that is what makes me think it may be this man.

Q. Do you remember ever having asked him to sign a note?—A. No, sir; I do not.

Q. Who got him to sign?—A. I do not know.

Q. Had he any financial responsibility?—A. I do not remember who got him to sign it, and I do think he had any financial responsibility.

Q. You do not recollect anything about it?—A. No, sir; I do not.

Q. Who had the proceeds of that note?—A. That I can not tell you. I see it was guaranteed by myself and Col. French.

Q. Were you and Col. French in joint operations which required a joint borrowing of money?—A. We had one or two, but not numerous transactions; I think only two or three transactions. I do not recall many; I do not recall any more than that.

Q. Edward J. Murphy, \$38,633.10; also reported on page 145 at \$36,375.60, there having been collections from collaterals of \$2,257.50. Who was Edward J. Murphy?—A. He was a clerk in the bank.

Q. Had he financial responsibility?—A. No, sir.

Q. Who asked him to make this note?—A. I do not remember.

Q. The note is still unpaid except the \$2,257.50?—A. I think so.

Q. Look at the collaterals on page 145 and name any of them that are good.—A. There is nothing there that I am able to tell you whether it is good or not. I do not think they are good.

Q. You are not prepared to say that any of them are good?—A. I do not think so; I ought to say that in addition to the \$2,200 paid on that note there has been quite a large sum, I do not remember just how much now; I think it is stated somewhere in this report—

Q. Realized from general collateral?—A. Realized from the sale of my general collateral. Then there has been a cash payment made by my assignees to the receiver, and of course that has not yet been applied specifically to the notes.

Q. I think that those facts all appear on pages 142 to 145.—A. I did not know whether they did or not.

Q. Now, name any one of these collaterals for this Murphy note which has any value?—A. I have already said to you that I did not see any value to them.

Q. Then I ask you whose they were?

The WITNESS. To whom they belonged?

The CHAIRMAN. To whom they belonged when they were deposited as collateral.

A. They were taken by the bank in settlement of a debt. We made a loss. We took all we could get.

Q. Neither you nor Mr. French nor the bank took these collaterals as a purchase, but you gathered them in in the settlement of a doubtful debt?—A. Yes, sir.

Q. State from whom.—A. N. B. Mansfield.

Q. Who was he?—A. A director in our bank; he is now deceased.

Q. What was his business?—A. An exporter of goods to Africa.

Q. How much had the bank loaned him?—A. The loan was over \$200,000. I do not remember the exact amount.

Q. Did he fail before his death?—A. No, sir; he did not fail during his lifetime.

Q. The embarrassment came after his death?—A. After his death the estate did not pay up.

Q. You gathered in what you could and took these collaterals?—A. We took these collaterals.

Q. In which he had been investing, apparently?—A. I suppose so. I do not know.

By Senator CARLISLE:

Q. It appears here that they were deposited by you and French. How did you and French get the control of them if they were not taken in by the bank?—A. Col. French and I had a very large interest in the bank. I owned nearly 1,600 shares of stock.

By the CHAIRMAN:

Q. Out of how many?—A. Four thousand. Col. French owned nearly 1,000 shares of stock. Our stock was practically free. I mean by that that it was unpledged, and we made this loss. Our interest in the bank was such that we could almost afford to pay the loss as well as to have the bank charge it off. Mr. Mansfield always told me, in fact he assured me, that he was perfectly good. He gave us this collateral because I insisted upon it, and he said that everything would be paid. He got in poor health, and his business was not profitable. He died. Instead of charging off this amount of \$36,000 (this note of \$36,000 with this collateral represents \$36,000 really due us from N. B. Mansfield) we put it in that form.

By Senator CARLISLE:

Q. You assumed it?—A. We assumed it. It was not a dollar in our pocket, only as it saved so much shrinkage, if you please, of our bank stock.

By the CHAIRMAN:

Q. A. J. Hoqler, you have explained who he was.

By Senator CARLISLE:

Q. Was this the entire loss which the bank sustained on the Mansfield indebtedness?—A. No, sir; I do not think it represents the entire loss that the bank will sustain. In addition to that we took from him this real estate at Bar Harbor, stated on page 145—all the real estate at Bar Harbor. He put that in at the price he had it and claimed it to be worth, but the price is an exaggerated one, and I do not think it is worth more than half of what it stands on our books.

Q. This was the entire loss after you had taken the real estate at his valuation?—A. Yes; sir. In addition we had other collateral that we realized upon. This \$36,000 note with the real estate represents the loss.

By the CHAIRMAN:

Q. There will be a loss?—A. There will be a loss.

Q. Mr. Beal estimates the real estate at \$12,000?—A. I think that is too low, and the price on our books is too high.

Q. Of this loan of \$49,241.76 to A. J. Hosler, note guaranteed by yourself and Mr. Hyde, who had that money?—A. Mr. Hyde and myself had that money.

Q. And used it in some joint transaction?—A. It has been paid.

Q. We understand. That has been paid by Mr. Hyde?—A. Yes, sir; the collateral, I presume paid it. He has paid it at all events. There was no loss to anybody on it.

Q. That finishes the notes that were apparently your own, and I will now ask you about Mr. French's notes. On page 46 George F. Evans, with collateral, \$30,000. Who was he?

The WITNESS. You desire to know what he was doing at the time?

The CHAIRMAN. Yes, sir.

A. At the time that note was given he was the general manager of a railroad, in Louisville, Ky.

Q. "Notes indorsed by Jonas H. French." Was that an accommodation note of his for Mr. French, or did it represent a debt which Mr. Evans owed Mr. French?—A. As a matter of fact, Mr. Chairman, you are asking me something about Mr. French's business that I can not say.

Q. I am asking you what knowledge you, as president of the bank, had of this note?—A. I had no knowledge. I knew who Mr. Evans was and knew him well.

Q. Were you aware that you had discounted this note?—A. Undoubtedly.

Q. Give us all the knowledge you had as president of the bank as to the character of the paper you discounted?—A. I would have discounted any note that he brought in.

Q. That is faith in Mr. French, and it might not be misplaced; it is not knowledge. I want to know what you knew about that note when you discounted it, whether it was an accommodation or a business transaction?—A. He was a director in our bank. I assume I discounted it. As a matter of fact I do not remember anything about it. It was a good many years ago.

Q. Be particular to say what you do not know.—A. I am endeavoring to.

Q. What do you state about it?—A. I do not recall anything about it.

Q. The result of your efforts is that you do not recollect anything?—A. Yes, sir.

Q. Henry G. French, who was he?—A. He is a son of Col. French.

Q. Not now living?—A. He is deceased.

Q. Was he financially responsible for \$23,366.50?—A. Yes, sir.

Q. At that time?—A. Yes, sir.

Q. Do you know whether that has been paid?—A. I do not believe it has been paid.

Q. On page 144 there are the items Henry G. French, \$10,000, and Henry G. French, \$23,366.59, which have not been paid, and yet you say he was financially responsible?—A. At that time.

Q. What occurred to make a note with his name on it not good?—A. I do not know what the result of his business operations was, but at the time that note was discounted Mr. French had inherited sufficient real estate from his mother, who was deceased. There were two children, and there was sufficient real estate that I knew of myself that made his note good at that time independent of his father's indorsement. Subsequently he went into business, and I do not know anything about the result of his business operations. I do not know why the note has not been paid. I really do not know anything about it.

Q. It is stated on page 43 as claimed to be good, that was, January 7, 1891, it was claimed to be good. George E. Craig, \$37,813.34. Who was he?—A. He was a bookkeeper of Mr. French's.

Q. He is claimed to be good on page 47. Was the note good?—A. I so regard him.

Q. Did you understand that was accommodation paper or a liability of his own?—A. I knew that it was an accommodation note.

Q. You regarded him as good?—A. I did.

Q. Did you regard him as good for \$37,813.34?—A. Col. French had told me he was good. I had a general impression in regard to him. I knew he was a single man, where he lived, and that he was a prudent, thrifty man.

Q. What was his business?—A. Bookkeeper.

Q. Do bookkeepers usually acquire property enough to make them financially responsible for \$40,000?—A. I do not know whether they usually do or not, but they sometimes do, and I so regarded him.

Q. You will notice that he owes the receiver \$40,000, and the note is indorsed by Jonas H. French, that the receiver estimates its value at \$3,500. Is that a correct outcome of that note, in your judgment?—A. I do not think I had better criticise the receiver's valuation. The receiver and myself have had conversations regarding this note. I have stated what I have already said here. He has told me—if you desire I shall say what he has told me—what Mr. Craig has told him regarding himself, and I think that Mr. Craig has made him a proposition to pay \$3,500 and be released from the payment of the note.

Q. Has that been accepted to your knowledge?—A. I do not know whether it has been or not.

Q. Have you advised the acceptance of \$3,500 by the receiver?—A. No, sir; I simply told the receiver what I have told you. That is all I can say about it.

Q. Charles C. Boutell, \$39,825. Who is he?—A. I do not know him.

Q. Did you understand that was an accommodation note for Mr. French when you discounted it?—A. I do not recall it. I have no memory about it one way or another.

Q. Henry W. Bennett, \$39,000. Who is he?—A. He was the superintendent of the Cape Ann Granite Company.

Q. Did you know that fact at that time?—A. Yes, sir.

Q. Did you consider him responsible?—A. I do not recall. I regarded him as a man of some means.

Q. Whether you considered him responsible or not you do not know?—A. Whether he was worth \$40,000 or not I do not know. He is a man of some means.

Q. You will notice on page 144 that his note remains unpaid.—A. Yes, sir.

Q. Burt Emerson, \$39,750. Who is he?—A. I do not know.

Q. Had you any knowledge as to who he was at the time you discounted the note?—A. No, sir.

Q. You discounted the note entirely on the faith of Mr. French's name and the collateral?—A. And the collateral; yes, sir.

Q. George E. Hosler, \$40,000. Is he the man you have already spoken of?—A. No, sir.

Q. Is he a brother of the one you have spoken of?—A. I do not know whether or not he is a relative of A. J. Hosler.

Q. Do you know anything about him?—A. No, sir.

Q. He never accommodated you by making any notes for you?—A. No, sir; I do not recall any.

Q. Thomas Marsh. Who was he?—A. I do not know.

Q. And never did know?—A. I think not; they were Col. French's notes, and I do not recall them.

Q. Arthur E. Pearson, \$39,750. Who was he?—A. I do not know, sir.

Q. Edward A. Pearson, \$23,717.21. Who was he?—A. I do not know, sir.

Q. Did you ever know?—A. No, sir.

Q. W. H. Pearson, \$39,850. Did you ever know who he was?—A. No, sir. I have an impression that one of the Pearsons is a relative or a brother-in-law of Col. French. I am not positive.

Q. These Pearson loans you took entirely on the strength of Col. French's indorsement, without any regard to the financial responsibility of the makers of the notes?—A. Yes, sir.

Q. E. M. Rawson, \$39,500. Do you know anything about him?—A. I know who he is.

Q. Tell us about him.—A. He is the janitor of the building where our bank was.

Q. He was not financially responsible, and never was supposed to be?—A. He was a man of moderate property.

Q. How much?—A. I do not know how much his property is encumbered. He owns two houses. I should say the two were worth \$12,000 or \$15,000; possibly a little more.

Q. I notice on page 144 of these names of persons who kindly accommodated Mr. French twelve whom I am enumerating, whose notes are estimated by the receiver as of \$15,000 value. Can you yourself give any opinion on that point?—A. No, sir; I have no idea. The receiver never consulted me regarding the valuation of any of the assets of the bank at any time.

Q. Did Mr. Rawson ever sign a note for you?—A. No, sir.

Q. Do you know who hunted him up and got him to sign that note for \$39,500 for Mr. French?—A. I do not know.

Q. Did you know when that note was discounted that he was your elevator man?—A. He was not an elevator man; he was the janitor.

Q. Oh, he was the janitor of your building?—A. Yes, sir.

Q. You knew that?—A. Yes, sir.

By Senator DIXON:

Q. Was there collateral with these notes?—A. Yes, sir.

Q. And the guarantee of Mr. French?—A. Yes, sir.

By the CHAIRMAN:

Q. Do you remember whether there was specific collateral, or only Mr. Jonas H. French's general collateral?—A. I do not.

Q. N. A. Thompson, \$39,900. Who was he?—A. He was a brother-in-law of Mr. French.

Q. Did you consider him responsible for that amount of money when you discounted that note?—A. The note has been renewed several times. My impression is—I am not certain whether it was a time or a demand note—I think when the note was given it was good.

Q. You considered him good at the time?—A. Yes, sir.

Q. What was his business?—A. Selling coal on commission.

Q. It was an accommodation note, you knew?—A. I inferred it was.

Q. You thought he was good?—A. Yes, sir; because he was to come into possession of quite a property at the decease of his mother.

Q. It was thought that although he might not be worth anything then that he would come to be by inheritance from his mother?—A. His father had died, and the property was willed to him after his mother's decease. His mother was in advanced years. Since that, however, he made some trade or in some way availed himself of the property, got the cash, and entered into business, and lost it, I think.

Q. Do you know why this man of expectations made a note to accommodate Mr. French?—A. He was a brother-in-law of his.

Q. Oh, yes; excuse me. His motive was one of relationship?—A. I can not tell you what his motive was.

Q. Has he lost his property in Mr. French's speculations, or in his own?—A. I never knew that he and Mr. French had a speculation in their lives. I never knew that Mr. Thompson speculated.

Q. How do you say he did lose his money?—A. In the coal business.

Q. Which you consider not a speculation?—A. I do not think that the coal business is regarded as a speculative business.

Q. I do not myself. I want to know the facts. But either way, it is gone, and his name is on this note for \$39,900, which is in this list with eleven others as worth \$15,000, so classed by the receiver?—A. Yes, sir.

By Senator DIXON:

Q. At the time he gave this note you considered him as good?—A. Just as I have stated.

By the CHAIRMAN:

Q. Did he have a dollar of property at that time to your knowledge?—No, sir; he had it only as I have stated.

Q. In expectation. Would you have discounted his note without collateral and with no other names on it any better than his own for a thousand dollars?—A. Yes, sir; for a thousand dollars.

Q. Would you have stopped there?—A. I would not like to say where I would have stopped.

By Senator DIXON:

Q. He found some purchaser for what he had at that time?—A. Yes, sir.

By the CHAIRMAN:

Q. I want to get at this; whether in your opinion as president of the bank there was any difference between notes signed by him and those signed by clerks who were admitted to be of no financial responsibility. The WITNESS. You ask me that question?

The CHAIRMAN. Yes.

A. I answer most certainly.

Q. You considered him as having some responsibility?—A. I did indeed.

Q. How much did you think he was responsible for?—A. Without knowing definitely, in a general way, his father was Col. Thompson—

Q. I knew him well.—A. Who was very well known and highly respected, and in a general way I understand he left \$100,000 in property.

Q. How much was this man to get?—A. About half.

Q. Fifty thousand dollars?—A. About half.

Q. About half, and therefore you took his note for \$39,000, knowing that he would pay this note if Mr. French did not?—A. That is not a correct statement.

Q. Make your own statement.—A. I believed there was some strength to the note itself. Secondly, there was some collateral with it that made it good, and thirdly there was Col. French's indorsement.

Q. If Col. French did not pay and the collateral was not good, you expected to take his property?—A. Yes, sir; if everything else had failed and that note being unpaid we would have attempted to collect it.

Q. You would have cleaned him out, but he cleaned himself out?—A. That is it, substantially.

Q. George W. Quinn, \$40,000. Who was he?—A. I do not know.

Q. Quinn is a name you would remember if you discounted a forty thousand-dollar note for him?—A. I do not remember it. If I did I would tell you.

By Senator CARLISLE:

Q. Did each one of the directors always know the man whose notes were discounted?—A. No, sir.

Q. They relied upon the knowledge of each other?—A. Yes, sir; our business was about the same as that of almost any other bank. We had certain dealers at our bank who whatever they brought in we would discount.

By the CHAIRMAN:

Q. On page 60 there is a note of Fred G. Jewett \$35,000; who was he?—A. I do not know.

Q. Did you ever know?—A. No, sir. I do not recall the note. I have no memory about it one way or the other.

Q. W. L. Lowell, for whom you discounted a forty-thousand-dollar note, do you remember him?—A. No, sir; I do not.

Q. Turn to page 64; J. Herbert Day, G. Henry Knapp, C. G. Lenfest, C. J. Colan, C. D. Goldthwait, Edgar G. Frost, E. W. L. Nichols, are reported as borrowing large sums from \$22,000 up to \$40,000, and as being employés of the firm of Irving A. Evans & Co.?—A. Yes, sir.

Q. Is that correct?—A. I presume so; I have no knowledge of it.

Q. You have no reason to doubt they were employés of the firm?—A. I have no doubt.

Q. If you discounted these notes you discounted them without any regard to the financial responsibility of the men themselves?—A. Yes, sir.

Q. How many of them do you know?—A. I see the names of but two persons whom I remember as being in their employ, one is Scott F. Bickford and the other E. W. L. Nichols.

Q. Of Bickford you have already spoken. What can you say of Mr. Nichols, who made a note of \$22,000 and another note of \$35,000?—A. I know nothing of him except that he was a clerk in their employ.

Q. Had he any financial responsibility, in your judgment?—A. No, sir; I think not.

Q. Louis Ross, on page 93 and also on page 64, appears to have owed the bank two notes of \$30,000 and \$20,000. Who is Louis Ross?—A. I do not know what his business is. I took those two notes for Mr. Evans. Mr. Evans told me the notes were perfectly good, at the time we took them, and stated to me certain property that Mr. Ross had, and I believed him and thought the notes were good.

Q. You discounted them for Mr. Evans?—A. Yes, sir.

Q. On page 142 they are valued by the receiver at \$2,500. Is that a fair valuation?—A. I do not know, sir. I do not know how he arrived at that.

Q. Who was Louis Ross?—A. I can not describe him any better than I have. I did not know his antecedents and I never know what business he was in. I knew him very little, indeed.

Q. What did you learn about him to indicate that he was good for \$50,000?—A. I took Mr. Evans's statement.

Q. Did he simply say he was good or how he was good?—A. He told me that he was perfectly good, that he had a large amount of real estate, that it was an undivided interest, that proceedings had been instituted at some time previous to that for the purpose of having the court separate the estate, and that it ought to have been separated long before.

Q. Was that when you first discounted them?—A. He sent the notes up to me. I did not put them in. I either sent for him or he came to see me. I knew Mr. Ross.

Q. What business did you understand he was engaged in?—A. That was what surprised me. I did not think he was in any business.

Q. Did you question Mr. Ross?—A. I did not.

Q. You discounted those notes with the Evans indorsement?—A. Yes, sir.

Q. When you settled October 21 with Irving A. Evans & Co., you took for the bank those two notes at \$50,000, did you not, and released the indorsement of Irving A. Evans & Co.?—A. I released Irving A. Evans & Co.'s indorsement; yes, sir. We already had the notes then.

Q. You had the notes then, but you released their indorsement?—A. Yes, sir.

Q. You put those notes upon your books as good for \$50,000?—A. They were already there as good for \$50,000 at that time.

Q. With no collateral?—A. Nothing but the Evans indorsement.

Q. There were no collaterals?—A. No, sir.

Q. And after you released Irving A. Evans & Co. you only had Ross left?—A. Yes, sir.

Q. And the bulk of the collateral of Irving A. Evans & Co.?—A. Yes, sir.

Q. On page 93, I want to ask you about William S. Harrington's note discounted by the bank, indorsed by you, July 1, 1891, \$40,000. Who was he?—A. I am under the impression that he was a clerk in our bank, but I am not certain. I really do not remember who he was.

Q. Think a minute, and see if you can tell us.—A. I can not.

Q. It would be of no use for you to think?—A. No, sir.

Q. Do you remember whether you asked him to make that note?—A. I do not remember the name even. I do not place that note.

Q. A transaction of that kind makes no impression on your mind?—A. No, sir.

Q. On page 101 E. H. Nevins appears to have borrowed September

7, 1891, on a note which became due January 10, 1892, \$39,942.50. Who was E. H. Nevins?—A. It is a misprint. You have already asked me about him. It is Mr. Hewins.

Q. Was that the only Hewins note?—A. Yes, sir.

Q. E. H. Hewins. Restate who he was.—A. A brother-in-law of mine.

Q. Your own brother-in-law?—A. Yes, sir.

By Senator DIXON:

Q. You said that note had been paid?—A. No, sir; it has not been paid.

By Senator CARLISLE:

Q. Mr. Potter, you were asked at the beginning of your examination about the indebtedness of Mr. Magruder some years ago. It seems to have been charged to you, according to the testimony yesterday; that is to say, it finally assumed the form of an indebtedness against you. Do you recall any transaction you had with Mr. Magruder in which you became indebted to him in the amount of his indebtedness to the bank?—A. No, sir. I remember that Mr. Magruder had a loan in our bank—two loans. When I say two loans I mean at two different periods. By the testimony yesterday it appeared that there were two loans on Mexican Central bonds about the same date. I remember that loan. The testimony showed that it was traced and finally charged to my account, and Magruder's loan disappeared. I do not recall that.

Q. Did you ever purchase from Mr. Magruder any Mexican Central 7 per cent bonds?—A. I do not remember of ever having bought any bonds of him. Of course, when I heard this testimony yesterday it came to me in the nature of a surprise. I have thought of it since, but I can not satisfactorily explain that entry, why it should have been made that way. It may be that I bought the bonds of him or took the bonds off his hands, yet, I do not remember.

Q. Then it appeared at or about the same time some one else, whose name I have forgotten—A. Charles F. Kellogg.

Q. Charles F. Kellogg executed his note for the same or about the same amount, and put in as collateral the same amount precisely of Mexican Central bonds?—A. Yes, sir; I heard that testimony yesterday.

Q. Do you remember anything about that?—A. No, sir; I do not.

Q. If you can recall that at any time before the committee adjourns we will be very glad to get some explanation of it.—A. I am going to endeavor to.

By the CHAIRMAN:

Q. When did you first know Mr. Magruder?—A. I do not recall whether I first met him in Boston, or whether I first met him in the Comptroller's department in Washington, either one or the other. I met him there. He was deputy comptroller when Mr. Knox was Comptroller. He applied subsequently to our bank for a position. My impression is that he spoke to me at sometime when I was in Washington, saying he would like to get out of the Department service, and would like to get into private business. It resulted in our giving him a position in our bank. He came to us. He had, I think, a sixty days' leave of absence without pay, for the purpose of trying the experiment as to whether he would like private business better than being in the Treasury Department. He had been with us about ten days or two weeks, and one day towards the close of business, he said he would like to have a little conversa-

tion with me. He said he supposed that it was as apparent to me as it was to him that he was not adapted to the business.

Q. The work he was doing?—A. The work he was doing, when we were handling, selling the 4 per cent bonds. We sold more 4 per cent bonds than any other bank in the country, except one, and he being in the Treasury Department I thought he would have knowledge that might make him a useful man; and something had occurred that day, which I supposed he observed, which caused me to show a little dissatisfaction. I answered "I will be very frank with you; I do not think you are adapted to the business." He said he had better give it up, and I told him I thought he had better do so. I think he stayed in our service three weeks, and we paid him a month's salary, I think.

Q. Did he suggest or did you suggest that he was better fitted for bank examiner than for your work?—A. No, sir; I never mentioned the subject.

Q. Did he?—A. No, sir. He went back to Washington and resumed his position in the Department.

Q. And then came here at what time as bank examiner?—A. Several months afterwards.

Q. 1881?—A. I do not recall the date. It was several months afterwards.

Q. I have a telegram from the Comptroller, which I will put in the record, when I find it, giving the exact date when he became bank examiner, which was in 1881.

The telegram is as follows:

WASHINGTON, D. C., August 16, 1882.

HON. WM. E. CHANDLER,

Chairman Senate Select Committee on Failed Banks.

Parker House, Boston, Mass.

Telegram 15th received. Magruder's commission dated July 30, 1881. Letter following.

R. M. NIXON,

Deputy and Acting Comptroller.

The WITNESS. I suppose our books will probably show. We paid him a month's salary and he gave us three weeks' service. Mr. Ewer, in his testimony yesterday, was mistaken. He said he left our bank to take the examinership. That is not so. He was away several months, and I never suggested Mr. Magruder for bank examiner.

Q. What were your personal relations with him while he was bank examiner?—A. They were very pleasant.

Q. Did you have any business transactions with him?—A. I never had any business transactions with him, except that he made the two loans at the bank, which have already been referred to, and he rented a house of me one summer. I do not know—yes, he paid me the rent. A relative of his, a cousin, and some of his family from Washington lived with him. They kept the house and he boarded with them. The rent was \$600, and had been.

Q. And it was paid to you?—A. Yes, sir.

Q. Did you ever personally lend him any money or procure any loans for him?—A. I think that once or twice, when he had some trouble about getting his money from Washington, I think once, I loaned him \$500.

Q. Did you lend him \$500 once?—A. It was paid.

Q. Of course. Did you lend him \$500?—A. I think I did. I am not sure.

Q. Did you ever lend him anything except that loan?—A. I do not remember.

Q. Did you ever procure anybody to loan him money?—A. No, sir.

Q. Did you have anything to do with an investment he made in some sugar-trust certificates out of which he made \$30,000, more or less?—

A. Yes, sir; I loaned the money that made that money.

Q. How did you lend that?—A. I loaned it at the request of a friend of Mr. Magruder, who came to me and said that he wanted to make him some money. That was his statement.

Q. How much did you loan?—A. I loaned him the cost of a thousand shares of sugar.

Q. I thought you just said you only loaned him \$500.

Senator CARLISLE. Personally.

A. I would like to have you let me explain that. Then you will see that my statement is correct.

The CHAIRMAN. Certainly.

A. This friend of his—I would prefer not to give his name—a man good for \$3,000,000 or \$4,000,000, perhaps more—he is not a bank man—came to me, and said if I would advance the money he would indorse the note. My impression is sugar was 65.

Q. What do you mean by sugar?—A. Sugar certificates.

Q. How much was purchased?—A. About 1,000 shares. I advanced the money, and this man gave a note or caused one of his clerks to do it.

Q. Which is the same thing.—A. And guaranteed it, and the note was paid.

Q. Did the bank discount that note?—A. Yes, sir.

Q. The explanation you make for saying you only made him one loan is that this loan was not made directly to Mr. Magruder?—A. No, sir.

Q. It was made to this gentleman?—A. Yes, sir.

Q. You furnished the money for purchasing the sugar-trust certificates?—A. He asked me if I would furnish the money on his indorsement. I told him yes.

Q. In order that Magruder might make this purchase?—A. He made the purchase. My impression is that he did not tell Magruder anything about it at the time, that he wanted to surprise him. Of that I am not certain.

Q. A delicate little attention.—A. Call it what you please.

Q. State more fully how much it was.—A. I can not exactly.

Q. Describe the character of the securities.—A. About \$65,000 sugar-trust certificates. He bought a thousand shares, and sent them to the bank.

Q. Do you know the history of that transaction since? How much profit did Magruder realize on those certificates?—A. Something over \$30,000, I think.

Q. Are they now owned by his estate?—A. I suppose so.

Q. Do you not know?—A. I do not. They were taken away from our bank.

Q. Are you not aware that they are now in some Boston bank, pledged for \$10,000?—A. I was not aware of it.

Q. How long did the loan remain in your bank?—A. It was taken out in a short time. It was quite a quick turn. I can not tell you how long.

Q. The loan remained in your bank only a little time?—A. Only a short while.

Q. It was the note of this gentleman, with these sugar-trust securities, indorsed by him?—A. It was a note by two of this gentleman's clerks.

Q. Indorsed by him?—A. Guaranteed by him. His name did not appear on our books.

Q. A separate paper?—A. Yes, sir.

Q. Where did that separate paper go? Was it put away with the note or somewhere else?—A. I think that those guaranties were kept in a pocketbook, as the cashier called it.

Q. Away from the notes?—A. Yes, sir. If you will pardon me, I presume our books will show that these notes were guaranteed by this party and the collateral held in the bank.

Q. And the collaterals were there also. Who took the note and collaterals out of the bank?—A. Enough of the sugar certificates were sold to pay the loan, assuming it was \$65,000, which I think was about it.

Q. The purchase?—A. The purchase.

Q. The loan was how much?—A. Sixty-five thousand dollars. When sugar had advanced at some particular date this gentleman came in and said I had better sell five hundred of that stock.

Q. One-half?—A. That I did. That I indorsed on the note, and that paid the note to that extent.

Q. How much—half of the loan? Do you mean there was no profit on this sale?—A. I beg pardon. I do not remember the price of sugar at that time. It was 93 or 94.

Q. Do you know what it cost Magruder?—A. Sixty-five.

Q. Give us an idea of the transaction. How much of the note was paid by this sale?—A. He asked me to sell five hundred shares of sugar, which I did. Then, within a very short time, within two weeks, and perhaps not so long, he came in and said that I had better sell enough of that sugar to pay the loan. This was during the time of the trust. Then a corporation was organized, and the corporation took up the trust securities and they issued enough stock so that when the final settlement was made Mr. Magruder had left, as I recall it, between three and four hundred shares which really cost him nothing.

Q. And was worth how much?—A. Sugar to-day is worth 108, if the estate has it.

Q. Did the money paid out on this account remain due to your bank until the close of the transaction?—A. Yes, sir.

Q. Then the whole purchase was carried by your bank as you have described until sales enough had been made of sugar certificates to pay the whole note and leave a balance?—A. Yes, sir.

Q. Which you delivered to him?—A. To Mr. Magruder.

Q. Had Mr. Magruder brought the certificates to you?—A. No, sir. I endeavored to make it clear to you that this party bought—

Q. He brought them to you?—A. He brought them in or directed his broker to bring them in to me, and said I would pay for them.

Q. You delivered the balance to Mr. Magruder?—A. He told me when it was sold to give it to Mr. Magruder.

Q. When it was bought you knew it was for Mr. Magruder?—A. I knew just the transaction.

Q. Do you know why Mr. Magruder's name was not put upon the note in any way?—A. He had no more to do with it, in originating it, than you did, sir.

Q. I am not so familiar with these things as you are, and you must excuse me if I ask you to explain sometimes. Did this gentleman donate the profit of this transaction to Mr. Magruder, as you understand it?—A. Yes, sir.

Q. And he, during this period, ran the risk of loss and Mr. Magruder

was to have the profit, if there were any. That, you understand, was the reason why Mr. Magruder was not liable for the purchase money—it was in order that this party might run the risk, and still, if there was a profit, that it might be given to Mr. Magruder?—A. I can not assume what you say.

Q. Was not that a joint arrangement of yourself and this gentleman to make some money for Mr. Magruder?—A. It was nothing that ever originated with me. I never thought of it, and I never would have done it. I met him on the street. He made the proposition and asked me if I would carry the stock for him. I told him I would.

Q. In order that Magruder might have whatever might be made out of it?—A. Yes, sir.

Q. Was anything said about Magruder's not having made much out of the Mexican Central transaction?—A. No, sir; not in just that language. He said Mr. Magruder had been trying to operate for himself, and every time he made an effort he came out a little poorer than before, and that he was going to make him some money and clean him up, and it would teach him a lesson never to speculate.

Q. And you and he could do better for Magruder than he could himself?—A. I had no part in it.

Q. You only furnished the money?—A. I did not furnish the money to Magruder.

Q. What year was this?—A. It was the year before the sugar trust went into a corporation. That is as near as I can fix it.

Q. About what time was that?—A. I should say the sugar corporation had been organized about three years; I am not sure.

By Senator CARLISLE:

Q. This gentleman was a friend of Mr. Magruder?—A. Yes, sir. I would like to tell the committee who he is, but I do not want to publicly state it.

At 2 o'clock p. m. the committee took a recess until 2:30. At the expiration of the recess the committee resumed its session.

TESTIMONY OF WILLIAM L. KEAN.

WILLIAM L. KEAN, being duly sworn, testified as follows:

By the CHAIRMAN:

Q. What is your business?—A. I am a bookkeeper.

Q. For whom?—A. For the receiver of the Maverick National Bank.

Q. Who is the receiver?—A. Mr. Thomas P. Beal.

Q. Were you in the employ of the bank before it failed?—A. Yes, sir.

Q. Where do you reside?—A. 620 Warren street, Roxbury.

Q. Have you present here, by direction of the receiver, the original notes which now constitute the remaining assets of the Maverick Bank?—A. Constitute a portion of the remaining assets.

Q. You have certain notes here?—A. Yes, sir.

TESTIMONY OF WILLIAM LADD DODGE.

WILLIAM LADD DODGE, being duly sworn, testified as follows:

By the CHAIRMAN:

Q. What is your business?—A. I am now with the State Street Safe Deposit Vaults.

Q. What is your employment?—A. I am in the employ of the Safe Deposit Company.

Q. What work do you do?—A. I attend the gate.

Q. Did you sign a note which Mr. Kean will show you?—A. (Examining note.) Yes, sir.

Q. You signed that note?—A. Yes, sir.

Q. A note dated Boston, December 21, 1885?

\$39,000.

On demand after date I promise to pay to the order of myself thirty-nine thousand dollars, with interest at six per cent. Value received.

WILLIAM LADD DODGE.

Indorsed on the back William Ladd Dodge. Is that your signature on the back?—A. Yes, sir.

Q. Why did you sign it?—A. Because I was requested to.

Q. By whom?—A. By F. C. Weeks.

Q. Who is he?—A. The gentleman I was formerly with.

Q. What was his business?—A. Stock-broker.

Q. In Boston?—A. In Boston.

Q. State what he said to you about signing the note.—A. He asked me to sign it, and I signed it.

Q. Did you know what was to become of it?—A. No, sir.

Q. Did you know it was to go into the Maverick Bank?—A. I never knew it was in the Maverick Bank until it failed.

Q. Did you work for Mr. Weeks at that time?—A. Not at that time.

Q. Where were you at work at that time?—A. I was in the custom house then.

Q. What were you doing in the custom-house?—A. I was janitor and acting as assistant custodian.

Q. During what period?—A. Under Cleveland's administration.

Q. Did you come in under Cleveland and go out when the other administration came in?—A. I went in under Cleveland and came out under Harrison.

Q. You went from the custom house into Mr. Weeks's employ?—A. No, sir.

Q. What did you do after that? Were you in the custom house when he got you to sign this note?—A. I was there.

Q. Have you ever signed other notes for him?—A. A great many.

Q. How many?—A. I could not tell you.

Q. For as large sums as this?—A. Oh, yes.

Q. Where did they turn up after you signed them?—A. They were generally paid. This is the only one which has not been paid.

Q. Your credit has been protected?—A. Yes, sir.

Q. With the exception of this note?—A. Yes, sir.

Q. In what banks has your name appeared as a maker of notes?—A. I could not tell you; in a great many of them.

Q. A great many of the banks of Boston have had your notes?—A. Yes, sir; in years gone by I was with Mr. Weeks for a good many years.

Q. Have you ever made any of these large notes to be used at the request of anybody but Mr. Weeks?—A. No, sir.

Q. You have always done it for Mr. Weeks?—A. Yes, sir.

Q. Have you ever received any money for signing these notes?—A. No, sir. You mean by money, cash for signing notes.

Q. Have you been benefited in any way by signing these notes?—A. Not that I know of.

Q. Why have you done it?—A. I was interested with him.

- Q. By being employed by him?—A. Yes, sir.
- Q. You never made any money by signing these notes?—A. So far I have not.
- Q. You never made any money by signing any of these notes except your regular pay?—A. No, sir.
- Q. As an employé of Mr. Weeks?—A. That is all.
- Q. What was the largest salary Mr. Weeks has ever paid you?—A. I could not tell you that.
- Q. Give me some idea.—A. I worked for him off and on for twenty-five years.
- Q. What is the largest salary you ever had in any year during that period?—A. I think I had \$5,000 one year.
- Q. What were you doing that year?—A. In the stock business.
- Q. Were you a partner?—A. No, sir.
- Q. What did you do besides sign notes?—A. I was a borrower of money. I was what was called his financial man, going around and borrowing money of the banks.
- Q. On your note?—A. On his notes.
- Q. On your own note?—A. On my note sometimes.
- Q. You were a financial man?—A. I was the financial man for him.
- Q. During this time did you have any property of your own?—A. I did at one time.
- Q. If it is not impertinent, how large an estate have you ever had?—A. I would rather not say anything about it.
- Q. Did you ever have \$39,000 at any one time?—A. That comes in the same category.
- Q. You would rather not say anything about it?—A. Yes, sir; I would rather not say anything about it.
- Q. Will you not point out to us some visible property that you had in 1885 when you signed this note?—A. I had nothing at that time; comparatively nothing.
- Q. When did you first hear that this note was in the Maverick Bank?—A. After the failure.
- Q. When this note was signed did you have an understanding with Mr. Weeks that collateral was to be put behind it?—A. Nothing was said about it.
- Q. You had confidence in Mr. Weeks?—A. I had. I would sign a note for Mr. Weeks to-morrow.
- Q. Would you for Mr. Potter?—A. Yes; if he asked it.
- Q. You do not mean you would sign one for Mr. Potter for \$39,000?—A. If he should ask me for one he should have it.
- Q. That has been your nature and your business?—A. No business about it; my nature, when I know a man and am acquainted with him.
- Q. Now, Mr. Dodge you have never paid this note?—A. No, sir; I have never been asked to.
- Q. Why have you not paid it? Is that the only reason?—A. Of course I can not at the present time.
- Q. You know that it is in the hands of a receiver?—A. I have seen it.
- Q. And that the receiver would be glad to receive the pay?—A. I presume he would.
- Q. If you feel any disposition to-morrow morning to pay it, we hope you will not feel that you have been hindered in paying it by this examination?—A. I have other creditors who feel that they have better claims.

Q. How much do those claims amount to?—A. I do not want to say; I do not care about saying anything about it.

Q. Have you property enough to pay all your debts?—A. No, sir.

TESTIMONY OF W. L. LOWELL.

W. L. LOWELL, being duly sworn, testified as follows:

By the CHAIRMAN:

Q. Where is your residence?—A. 188 Boylston street, Jamaica Plain.

Q. Did you sign a note that will now be handed you by Mr. Kean, dated Boston, August 15, 1891, for \$40,000?—A. (Examining note). Yes, sir.

Q. I will read it:

\$40,000.

Boston, August 15, 1891.

On demand after date I promise to pay to the order of myself, \$40,000.

W. L. LOWELL.

Indorsed in blank "W. L. Lowell." Is the indorsement on the back yours?—A. It is.

Q. Who requested you to sign that note?—A. The janitor of the building.

Q. Who was he?—A. E. M. Rawson.

Q. What took place when he asked you to sign it?—A. I just stepped into the bank and signed it at the desk.

Q. Did you know Mr. Rawson?—A. I have known him a number of years.

Q. What is your business?—A. Elevator conductor.

Q. Were you elevator conductor in that building at that time?—A. I was at that time.

Q. Mr. Rawson came to you and asked you if you were willing to sign a note to accommodate whom?—A. Jonas French.

Q. What did you say?—A. I said certainly I would.

Q. Did you then and there sign it?—A. Yes, sir.

Q. What did you do with it?—A. Mr. Rawson had charge of it.

Q. He took it?—A. I did not see it after that.

Q. Have you signed any other note?—A. No, sir.

Q. This is the only time you have loaned your credit to the capitalists of Boston?—A. The first time, and I hope the last.

Q. Did you receive any compensation for this?—A. No, sir.

Q. How much were you getting as conductor of the elevator?—A. I got at the rate of between \$50 and \$60 a month.

Q. How much at that time?—A. The same.

Q. Was your pay increased after you contributed your credit to this bank?—A. No, sir.

Q. Are you still the elevator conductor?—A. Not in that building.

Q. How long did you remain after signing this note?—A. One week.

Q. Why did you leave?—A. I was only employed there while the other man was on his vacation.

Q. You were only temporarily employed there?—A. Yes, sir.

Q. Without being offensive to you, I would like to ask you whether you were in any condition to pay the amount of this note to the bank if it had been wanted?—A. No, sir; I was not.

Q. Were you told that collateral would be put in to secure this note?—A. No, sir.

Q. Were you not afraid you might be called upon to pay this note?—
A. I was not told it was a note, in the first place.

Q. What were you told?—A. To sign a paper.

Q. When did you understand it was a note?—A. Sometime afterwards.

Q. You did not understand it was a note until after you had signed it sometime. What did you think it was?—A. I supposed it was some document that Col. French wanted to have my signature on, and I thought I would accommodate him.

Q. For what purpose?—A. I did not know.

Q. How did you know it was not a statement of some kind that was not truthful?—A. I did not have a chance to read it.

Q. You did not read it?—A. No, sir.

Q. You signed it and indorsed it without reading it?—A. I could not see the whole note when I signed it.

Q. Why did you write your signature on the back?—A. It was turned over.

Q. It was turned over, and you thought it was a good place to write your name?—A. I signed it there.

Q. Did he ask you to?—A. He asked me to.

Q. Is that your name?—A. (Examining note.) Yes, sir; that is it.

Q. When did you first know that you had signed a note?—A. I do not know exactly the time. It may have been before the failure or after the failure of the bank.

Q. Then you knew it was a note?—A. I knew it was then.

Q. Were you ever called upon to pay it?—A. No, sir.

Q. Did you ever receive a notice to come to the Maverick Bank and pay that note?—A. No, sir; never.

Q. You are not able to pay it now?—A. No, sir.

Q. Have you any property from which the note could be collected?—
A. No, sir; not a cent.

Q. What is your present business?—A. Elevator man.

Q. You never received from the Maverick Bank or from Mr. French any recognition of this service you had rendered?—A. No, sir.

TESTIMONY OF L. O. GARRETT.

L. O. GARRETT, being duly sworn, testified as follows:

By the CHAIRMAN:

Q. State your first name?—A. Leigh Osborne Garrett.

Q. Give the number of your residence?—A. My family is down at Nantucket. I am living at the St. Botolph Club.

Q. Where is your customary home when you are with your family?—
A. I would like to say a word.

Q. You may first state your residence?—A. I will tell you where I have lived every year for the last ten years.

Q. That will be very satisfactory.—A. I lived last winter at No. 2 Spruce street.

Q. Boston?—A. Boston, Mass. Before last winter, I spent last summer at Cotuit. The winter before that I spent in Boston at 89 Charles street. The summer before that I spent part of the time in Boston and part of the time in Florida, and so on. I will give you a pretty full history.

Q. Do you desire to give this full history?—A. I thought you wanted it.

Q. I give you liberty to make any statement you desire.—A. I want to make my statement before we go on with this examination.

Q. You prefer to take the floor?—A. I simply prefer to say these words. Now, I am here to answer any question that may be put to me, and I am going to answer all questions fully and to the very best of my ability.

Q. Will you be kind enough to state whether you signed this \$39,288 note?—A. There is something in connection with this that I would like to say. It will take me but a minute, if you have no objection.

Q. Will you state whether you signed this note which Mr. Kean will show you. After that I have no objection to your making your statement?—A. (Examining note.) I signed that note.

Q. Now you may make any statement you desire.—A. I simply want to say that these questions I will answer with great pleasure, but at the same time it is going into a man's personal affairs, and bringing a man up here and drawing out matters not in connection with the Maverick Bank, and because he is unfortunate enough to have a note in the Maverick National Bank he is paraded before the country in the newspapers with these men of straw and boys. I think it is an outrage. Now, sir, I will answer any question you have to ask.

Q. If you will pay that note I will waive any—A. I propose to pay that note.

Q. You do?—A. I do.

Q. Are you in condition to pay it to-morrow?—A. I am not in condition to pay it to-morrow, but I will pay that note.

Q. Was this an accommodation note?—A. No, sir; no accommodation to anybody but L. O. Garrett.

Q. Did you give collateral with this note?—A. Not what is called collateral; I gave security. I gave land as security.

Q. In what way did you give land as security. This is the note:

\$42,819.62.

BOSTON, October 24, 1892.

On demand after date I promise to pay to the order of Asa P. Potter \$42,819.62, payable at Maverick National Bank, Boston, Mass. Value received. Interest six per cent per annum.

L. O. GARRETT.

Interest appears to have been paid on it. Now, you may state generally what amount of security you gave.—A. I gave land.

Q. Has the receiver now the land security which you have?—A. I presume he has. I never gave that note to the Maverick Bank.

Q. It does not so state. To whom did you give it?—A. I gave it to Mr. Potter. I had no more reason to suppose that that note was in the Maverick Bank than that any of my personal effects were locked up there.

Q. You had something to sell?—A. Not that I know of.

Q. You wanted to buy land?—A. I borrowed the money to pay for this land, and I gave him the land as security. It was a personal affair, and it was not given to the bank. I found out that it was in the bank after the bank failed, and when I did not know it was there at all.

Q. You never knew that Mr. Potter had transferred it to the bank?—A. I never found it out until the bank closed, and I came here for the purpose of finding out where the note was.

Q. The land you gave was conveyed by the Florida Commercial Company to Samuel Hanscom?—A. Yes, sir.

Q. You need not make any other statement about this unless you desire to.—A. I should be very happy to,

By Senator **CARLISLE**:

Q. This was a purely legitimate business transaction on your part?—
A. Yes, sir; absolutely. If you will examine that note you will find that I have paid thousands of dollars on it already, and I have put many thousands of dollars on top of the land.

By Senator **DIXON**:

Q. It had no connection with the Maverick Bank?—A. No, sir. I was in Chicago at the time, and the people who had charge of my personal affairs here knew that I owed Asa Potter some money. They telegraphed to know what I would do. I said I would come and see where it was. I found it was in the bank. I did not find it out until after we went to Mr. Beal and got the information from him.

By the **CHAIRMAN**:

Q. There is no reason why Mr. Potter should not have put the note in the bank?—A. No, sir.

Q. Your sensitiveness grows out of the fact that you are found in bad company?—A. And the fact that I have been put on the rack.

TESTIMONY OF S. F. BICKFORD.

S. F. BICKFORD, being duly sworn, testified as follows:

By the **CHAIRMAN**:

Q. Where is your home residence?—A. Revere, Mass.

Q. Did you sign a note dated April 1, 1839, for \$40,000, now shown you by Mr. Kean, the clerk of Receiver Beal?—A. (Examining note.) No, sir; I do not remember the note.

Q. I will read the note:

\$40,000.

BOSTON, April 1, 1839.

On demand, with interest at five per cent, I promise to pay to the Maverick National Bank of Boston, or order, forty thousand dollars for value received, I having deposited with this obligation as collateral security 1,500 shares West End Land Co.'s stock, and hereby give authority to sell the same, also any collateral substituted for or added to the above, without notice, either at public or private sale, or otherwise, at the option of the holder thereof, on the nonperformance of this promise, the holder hereof giving me credit for any balance of the net proceeds of said sale remaining after paying the sums due from me on account of this obligation; and it is further agreed that said collateral may be applied at any time towards any and all obligations of mine to said bank.

SCOTT F. BICKFORD.

Indorsements of interest:

Paid to July 1st, 1889, \$500; interest ditto Oct. 1st, 1889, \$500; ditto, January 1, 1890, \$500; ditto April 1, 1890, \$500; ditto July 1, 1890, \$500; ditto Oct. 1st, 1890, \$500; ditto Jan. 1st, 1891, \$600; ditto April 1st, 1891, \$500; ditto July 1st, 1891, \$500; ditto Oct. 1st, 1891, \$500.

Q. Is that your signature to that note?—A. (Examining note.) It looks very much like it.

Q. It looks like it?—A. Yes, sir.

Q. Do you wish to say that you did not sign that note?—A. No, sir; I did not sign it.

Q. Are you willing to pronounce that note a forgery, Mr. Bickford?—
A. No, sir; I would not want to do that.

Q. Is it not a forgery if you did not sign it?—A. Yes, sir; I suppose so.

Q. You say you did not write "Scott F. Bickford" to that note?—A. I do not remember signing it at all. It is three years ago.

Q. Do you say you did not sign it according to the best of your knowledge and belief?—A. I do.

Q. Does that resemble your handwriting?—A. Very much.

Q. Do you remember any transactions of that kind?—A. Yes, sir.

Q. State what took place?—A. In August of last year Mr. Bliss, of Evans & Co., asked me to sign a blank piece of paper. That is the only one I ever signed.

Q. A blank piece of paper?—A. Yes, sir.

Q. Did you sign a blank piece of paper?—A. Yes, sir; I think it was a blank note.

Q. When you say a blank note do you mean a printed note?—A. Not filled in.

Q. Not filled out. When was that?—A. August, 1891, or July.

Q. Long subsequent to this date?—A. This was 1891, and that is 1889.

Q. Long after the date of that note?—A. Yes, sir; two years after.

Q. Did you have any transaction resembling that stated upon this note?—A. No, sir.

Q. Whom did you say asked you to sign a blank note?—A. Mr. Bliss, a member of the firm of Evans & Co.

Q. What is his full name?—A. William S. Bliss.

Q. That was in 1891?—A. That was in 1891; yes, sir.

Q. Two years after this note was dated?—A. Yes, sir.

Q. Do you recognize the handwriting of the body of that note?—A. I do not recognize the body. I never saw it before.

Q. What did you sign in 1891, as you now remember it, at the request of Mr. Bliss?—A. Mr. Bliss came to me and put a blank note down and wanted to know if I would sign it. He said he did not think it would be used. I signed it. That is all I know about it.

Q. Was it a blank note like this, if there was no writing on the face of it?—A. Yes, sir.

Q. It was in 1891?—A. Yes, sir; 1891.

Q. Where were you at the time?—A. I was employed by Irving A. Evans & Co.

Q. In their employ?—A. Yes, sir.

Q. Had you ever signed accommodation notes for them?—A. No, sir; not before this.

Q. Did you after that?—A. No, sir.

Q. This transaction which you are now speaking of, which took place in 1891, was the only transaction of that sort with which you had anything to do?—A. Yes, sir.

Q. Were you informed when you signed this note for how much it was to be filled up?—A. No, sir.

Q. Or for what purpose it was to be used?—A. No, sir; I was given to understand it was not to be used at all except on a pinch.

Q. "Except on a pinch?"—A. Yes, sir; unless they had occasion to use it.

Q. Unless Irving A. Evans & Co. had occasion to use it?—A. Except it was absolutely necessary.

Q. Did you not consent when you signed the paper that if they had occasion to use it they might use it?—A. Yes, sir; I would say signing gave consent.

Q. Locate the time more distinctly.—A. I could not remember the date. I think it was in August.

Q. 1891?—A. Yes, sir; either July or August of last year.

Q. You are sure it was not April 1, 1889?—A. I am positive.

Q. And you are sure it was two years or more after April 1, 1889?—
A. Yes, sir; after that date. I am sure it was last year. That was 1891.

Q. Was it stated to you that the firm might have occasion to use a note signed by you?—A. I so understood it.

Q. Was any conversation had as to how much the note was to be filled up for?—A. No, sir.

Q. Now, if you signed the blank note in 1891 what makes you confident that this is not the note subsequently filled up?—A. For the reason that that note has been destroyed; paid and destroyed.

Q. That note has been paid and destroyed?—A. It has been paid and destroyed.

Q. How do you know it was paid and destroyed?—A. Mr. Bliss told me it had been.

Q. When were you told so?—A. After Mr. Evans's death.

Q. What led you to inquire about that note after Mr. Evans's death?—
A. I remembered signing it.

Q. You did remember that, and you went to Mr. Bliss and asked him what had become of the note?—A. Yes, sir.

Q. He knew about it of course, because you gave it to him?—A. Yes, sir; he asked me for it.

Q. What did he say when you went to him?—A. He said it had been paid and destroyed.

Q. He gave you to understand it had been used?—A. Yes, sir.

Q. Did he tell you where it had been used?—A. No, sir.

Q. Did he give you any details about where it had been used?—A. No, sir.

Q. But assured you that it had been paid and destroyed?—A. Yes, sir.

Q. Do you know of any entry of that note on the books?—A. No, sir.

Q. Have you any other statement about that note being paid and destroyed except that of Mr. Bliss?—A. I think Mr. Wilmot R. Evans and Mr. Tobey told me.

Q. Who was Mr. Wilmot R. Evans?—A. He is a brother of Irving A., and president of the Winthrop Bank.

Q. He was not a member of the firm?—A. No, sir.

Q. Mr. Tobey is?—A. Yes, sir.

Q. What conversation did you have with Mr. Tobey?—A. He said it had been paid and destroyed.

Q. Were you speaking to him of the note you had signed in blank?—
A. No, sir.

Q. What did you ask him?—A. I asked him if there were any notes out in my name, and he said if there were they had been destroyed.

Q. Can you be positive that this is not the note you signed?—A. I simply have their words for it.

Q. It is your confidence in their truthfulness as against this document with your name to it, which looks very much like your signature, which leads you to believe that this a forged note?—A. Yes, sir.

By Senator CARLISLE:

Q. You say you asked this gentleman if there were any notes of yours outstanding. Why did you ask that question of him if you had signed only one note?—A. I remembered signing that note. I asked them if it had been paid. I may have used the plural then. It was unintentional.

Q. You simply had reference to this note?—A. Yes, sir.

By the CHAIRMAN:

Q. Whether any note of yours was outstanding?—A. Yes, sir.

Q. It is your confidence in their statements which leads you to think that this note was not signed by you?—A. Yes, sir.

TESTIMONY OF W. O. DELANO.

W. O. DELANO, being duly sworn, testified as follows:

By the CHAIRMAN:

Q. Where is your home residence?—A. Newton, Mass.

Q. What is the number and street?—A. No number; Hunnewell Terrace.

Q. What has been your business?—A. Wholesale grocer.

Q. Are you a member of the firm of Thomas Dana & Co.?—A. I was for a time. They went out of business.

Q. You were member of the firm?—A. Yes, sir.

Q. Will you be kind enough to look at the notes which Mr. Kean will show you, and to state whether you signed them and made the indorsements where your name appears?

Mr. KEAN. That note is not here. It has been delivered.

The CHAIRMAN. Is there any note signed by Mr. Delano?

Mr. KEAN. No, sir.

By the CHAIRMAN:

Q. Have all the notes given by you that went into the Maverick Bank been paid?—A. They have all been paid, so far as I know.

Q. Dana & Co. made a settlement with the receiver?—A. The receiver made a sale of their notes.

Q. So far as you know, are there any notes due by you to the receiver of the Maverick National Bank?—A. Not to my knowledge.

Q. You were a member of the firm of Thomas Dana & Co.?—A. Yes, sir.

TESTIMONY OF E. H. PEARSON.

E. H. PEARSON, being duly sworn, testified as follows:

By the CHAIRMAN:

Q. Where is your home residence?—A. 738 Boston street, Lynn, Mass.

Q. What is your age?—A. Twenty-five.

Q. Did you sign a note which will be shown you by Mr. Kean?—A. (Examining note.) Yes, sir.

Q.

\$6,570.

BOSTON, *October 17, 1890.*

On demand after date I promise to pay to the order of myself, six thousand five hundred and seventy dollars, payable at the Maverick National bank. Value received.

E. H. PEARSON.

Is that your indorsement?—A. (Examining note.) Yes, sir; it is.

Q. Was that an accommodation note given by you to Mr. Thomas Dana?—A. Yes, sir.

Q. Were you a member of the firm?—A. No, sir.

Q. What was your connection with the firm?—A. I was a salesman.

Q. Were you in the habit of making and indorsing notes for them?—

A. I did a few times.

Q. How many notes did you sign and indorse, according to your recollection?—A. I do not know.

Q. Was it a habit of yours to do this?—A. No, sir.

Q. What is the largest note you ever made or indorsed for them?—

A. I do not remember.

TESTIMONY OF E. H. ROWE.

E. H. ROWE, being duly sworn, testified as follows:

By the CHAIRMAN:

Q. Where is your home residence?—A. No. 105 Henry street, Cambridge.

Q. What is your age?—A. Twenty-nine.

Q. What has been your connection with the firm of Thomas Dana & Co.?—A. I was their credit man. I had charge of their credits.

Q. In their counting rooms?—A. Yes, sir.

Q. Have you signed accommodation notes for the firm?—A. Yes, sir.

Q. Will you look at the notes which Mr. Kean will show you, and state whether or not you signed the same?—A. I do not think he has any.

Mr. KEAN. I think there was one of those notes included in the settlement.

The CHAIRMAN. Is there any note of his there?

Mr. KEAN. No, sir.

By the CHAIRMAN:

Q. All the notes you have signed have been settled, as you understand it?—A. As I understand, they have.

Q. Were they accommodation notes so far as you were concerned—the two notes of \$10,000?—A. Yes, sir.

TESTIMONY OF ROGER I. SHERMAN.

ROGER I. SHERMAN, being duly sworn, testified as follows:

By the CHAIRMAN:

Q. Where is your home residence?—A. When I am at home I live at Lexington. I am not home much of the time.

Q. What is the number and what is the name of the street on which you live?—A. There is no street. It is called Fletcher avenue. I board there. My headquarters are in Boston.

Q. What is your age?—A. Twenty-four.

Q. Will you look at the note which Mr. Kean will show you and state whether or not you signed the same?—A. (Examining note.) I signed that note, but I did not sign it under that date. I think it was a year previous to that that I signed that note.

Q. I will read it:

\$10,000.

BOSTON, April 1, 1889.

On demand after date I promise to pay to the order of Maverick National Bank \$10,000, payable with interest. Value received.

ROGER I. SHERMAN.

With sundry indorsements of interest on the same. Did you sign that note in blank?—A. It was filled out in that way, but I do not recollect the date. I was thinking the date was April, 1888.

Q. Was it a blank note when you signed it?—A. No, sir; the book-keeper filled out the note. I did not take any particular notice of it. I saw him fill out this [indicating on note].

Q. What were you doing when you signed the note?—A. I was receiving clerk for Thomas Dana & Co.

Q. You were asked to sign this note as an accommodation to the firm?—A. I did not know what it was for. I was asked to sign it.

Q. By whom were you asked to sign it?—A. By Mr. Dana.

Q. Is that the only note you ever signed?—A. I remember of signing two notes at the same time. I signed two notes at the same time, and I supposed when I signed them that they were for Thomas Dana & Co.

Q. Did you ever hear from the notes?—A. No, sir.

Q. When did you first know that they were in the Maverick Bank?—A. After the Maverick Bank failed I was notified that there was a note there standing against me.

Q. Have you ever heard from the other note?—A. No, sir; all I know about it I saw in the Maverick Bank report—the report of the doings of the Maverick Bank.

Q. You are not in condition to pay this note?—A. No, sir.

TESTIMONY OF CLARENCE E. HANSCOM.

CLARENCE E. HANSCOM, being duly sworn, testified as follows:

By the CHAIRMAN:

Q. What is your first name?—A. Clarence.

Q. Where do you live?—A. Newton Highlands.

Q. Give the name of the street and the number of the house?—A. Erie street; no number.

Q. What is your age?—A. Twenty-three.

Q. Did you ever sign a note which was afterwards in the Maverick Bank, guaranteed by Potter & Dana?—A. I signed a note. I do not know anything more about it.

Q. You remember signing a note?—A. I do.

Q. Was it for \$18,268.15?—A. I do not remember.

Q. Was it for as large a sum as that?—A. Yes, sir.

Q. What was your age when you signed it?—A. I could not have been more than 17 or 18.

Q. Who asked you to sign the note?—A. I do not remember. I think it was Mr. Dana.

Q. Was this one note the only one you ever signed?—A. I am not sure; I think I signed two.

Q. Of about the same size?—A. Yes, sir.

Q. Have you ever heard what became of the other note?—A. No, sir.

Q. You do not know whether it was paid or not?—A. No, sir; but I supposed it was.

Q. This note has been adjusted, you understand?—A. I suppose it was.

Q. Were you in the employ of the firm at that time?—A. I was.

Q. What were you doing at that time?—A. At that time I was clerk. I was working; I was doing anything.

TESTIMONY OF WILLIAM A. CONNELLY.

WILLIAM A. CONNELLY, being duly sworn, testified as follows:

By the CHAIRMAN:

Q. Where is your residence?—A. 163 Chelsea street, East Boston.

Q. What is your age?—A. Seventeen.

Q. You are now seventeen?—A. Yes, sir.

Q. Will you look at the note which Mr. Kean will show you and state whether or not you signed it?—A. (Examining note.) Yes, sir; I signed it.

Q. I will read it:

\$14,000.

BOSTON, *January 15, 1891.*

On demand, after date, I promise to pay to the order of myself fourteen thousand dollars, payable at the Maverick National Bank, with 5 per cent interest. Value received.

WM. A. CONNELLY.

Indorsed, "Wm. Connelly."

Is that your name on the back?—A. (Examining note.) Yes, sir.

Q. Do you know in whose handwriting that note is filled in?—A. No, sir.

Q. Do you know whether it is filled in in the handwriting of Mr. Charles F. Kellogg?—A. I do not know.

Q. State the circumstances under which you signed this note?—A. Mr. Kellogg gave me the note, and I signed it.

Q. What were you doing then?—A. I was a messenger.

Q. At the bank?—A. Yes, sir.

Q. How long had you been employed there?—A. About eighteen months.

Q. When you signed this note in January, 1891, you were about 16 years old?—A. About that.

Q. What did Mr. Kellogg say to you when he asked you to sign the note?—A. He said: "Sign this note."

Q. As an accommodation to whom?—A. He did not say.

Q. He did not say?—A. No, sir; not that I remember.

Q. Will you look at another note which Mr. Kean will hand you and state whether or not you signed it?—A. (Examining note.) I signed it.

Q. I will read it:

\$25,000.

BOSTON, *November 10, 1890.*

On demand, after date, I promise to pay to the order of Maverick National Bank, twenty-five thousand dollars, payable at said bank with five per cent interest. Value received.

WM. A. CONNELLY.

Did you sign that at the same time?—A. At a different time.

Q. At a different time. This is November 10, 1890. When you signed the previous note you were between 15 and 16 years old?—A. Yes, sir; about that, I guess.

Q. Were these the only notes you remember to have signed?—A. Yes, sir.

Q. I ask you again whether they were filled up when you signed them?—A. I do not know whether they were or not.

Q. You do not know whether they were filled up or were in blank?—A. No, sir.

Q. Try to remember?—A. I do not remember whether they were or not.

Q. Did you look at the paper carefully before you signed it?—A. No, sir.

Q. You do not know whether these notes were read to you or not?—No, sir.

Q. Did you know you had signed two notes, one as large as \$25,000 and the other \$14,000?—A. Yes, sir.

Q. Did you know when you signed them that you were signing notes for \$25,000 and \$14,000?—A. No, sir.

Q. When did you first know that you were the maker of a note of \$25,000 and a note of \$14,000?—A. District Attorney Allen told me.

Q. That is the first you knew of it?—A. Yes, sir.

Q. Were you paid any money for signing these notes?—A. No, sir.

Q. Were you given any promise of bettering your condition?—A. No, sir.

Q. Did you remain in the bank until its failure?—A. Yes, sir.

TESTIMONY OF ELBRIDGE M. RAWSON.

ELBRIDGE M. RAWSON, being duly sworn, testified as follows:

By the CHAIRMAN:

Q. Mr. Rawson, where is your residence?—A. Toxteth street, Longwood, Mass.

Q. Will you look at the note which Mr. Kean hands you, dated March 26, 1887, for \$39,500, and see if you signed it?—A. (Examining note.) Yes, sir; I suppose I did.

Q. Is that your signature?—A. That is my signature.

Q.

\$39,500.

BOSTON, March 26, 1887.

On demand, after date, I promise to pay to the order of myself, thirty-nine thousand five hundred dollars, for value received.

E. M. RAWSON.

Indorsed with sundry payments of interest. State for whom you signed that note and at whose request.—A. Col. French's.

Q. Did he himself ask you?—A. Yes, sir.

Q. State whether you ever signed any other notes.—A. No, sir.

Q. Is this the only time you loaned your credit to him?—A. Yes, sir.

Q. Did you ever sign any other notes for anyone else connected with the bank?—A. No, sir.

Q. What was your position?—A. I was janitor of the building; I had charge of the building.

Q. How long had you known Col. French?—A. Seventeen or eighteen years.

Q. What took place when he asked you to sign this note?—A. Nothing particular. He simply asked me to sign this paper, which he had in his hand.

Q. Where were you?—A. I was in the corridor of the building.

Q. Is the body of the note in his handwriting?—A. I can not say as to that; I am not familiar with his handwriting. I can not tell you.

Q. You do not know whether it is or not?—A. I am not familiar with his writing, and I can not tell you.

Q. Did you ever procure anyone else to sign a note for Mr. French?—A. Yes, sir.

Q. Who was that?—A. W. L. Lowell.

Q. You have heard his testimony?—A. Yes, sir.

Q. And it was correct?—A. I think so.

Q. Are these all your financial transactions with the Maverick Bank that you have stated?—A. I think so; I hope so.

Q. You have not signed or indorsed other notes that have been put in that bank?—A. Not to my knowledge.

Q. Have you been in the habit of signing or indorsing notes for anyone else?—A. No, sir; never in my life.

Q. Did you receive any money or other consideration for making this note?—A. No, sir.

TESTIMONY OF HENRY KELLOGG, JR.

HENRY KELLOGG, Jr., being duly sworn, testified as follows:

By the CHAIRMAN:

Q. What is your full name?—A. Henry Kellogg, jr.

Q. Where is your home residence?—A. On Harvard street and Dorchester; No. 78, I believe.

Q. Mr. Kellogg, will you be kind enough to look at a note which Mr. Kean will show you, and to state whether or not you signed it?—A. (Examining note.) Yes, sir; I did.

Q.

\$40,000.

BOSTON, October 1, 1890.

On demand after date I promise to pay to the order of Maverick National Bank \$40,000, payable at said bank, with 5 per cent interest. Value received.

HENRY KELLOGG, JR.

On the back there are sundry indorsements of interest. In whose handwriting is the body of that note?—A. Charles F. Kellogg's.

Q. Your brother?—A. Yes, sir.

Q. He is your brother?—A. Yes, sir.

Q. What was your connection with the bank, if any, when you signed the note?—A. I did more or less business with them. I had no regular connection with the bank.

Q. No direct connection. What was your business at that time?—A. Note broker.

Q. How long have you been a note broker in Boston?—A. Since 1872.

Q. How long have you known Mr. Potter?—A. For some twenty-five years.

Q. Have you had business dealings with him more or less during the whole period?—A. At times.

Q. Have you ever made accommodation notes for him other than this one?—A. At times; yes, sir.

Q. Has it not been your practice to lend your name either as a maker or indorser of notes to Mr. Potter for many years?—A. No, sir; simply occasionally. I have simply done it occasionally; once in a year or two, or two or three years.

Q. You have not paid this note?—A. No, sir.

Q. You are not in a condition at present to pay it?—A. No, sir.

Q. Did you ever go into any speculation in Mexican Central stock with your brother and with Mr. J. W. Magruder and with Mr. Potter?—A. No, sir.

Q. Did you ever make an accommodation note for which Mexican Central stock was pledged?—A. Not to my recollection. I should not be able to say whether I did or did not.

Q. In 1883, nine years ago?—A. I should not be able to say.

- Q. You knew Mr. Magruder?—A. Yes, sir.
 Q. Did you ever know of his making a purchase of Mexican Central stock?—A. I did not know anything at all about his business affairs.
 Q. You never know anything about it?—A. No, sir.
 Q. Did you ever take up any notes which had been given by him on Mexican Central stock?—A. No, sir.
 Q. Or make a loan to take the place of the loan which had been made to him on Mexican Central stock?—A. No, sir.
 Q. You do not remember that?—A. No, sir.

TESTIMONY OF CHARLES W. CLARK.

CHARLES W. CLARK, being duly sworn, testified as follows:

By the CHAIRMAN:

- Q. Give your residence.—A. Summer street, Andover, Mass.
 Q. Look at the note which Mr. Kean will show you and state whether or not you signed the same.—A. (Examining the note.) I did.

Q.
 \$40,000.

BOSTON, March 19, 1887.

On demand after date I promise to pay to the order of Maverick National Bank forty thousand dollars, with interest. Value received.

CHARLES W. CLARK.

The body of the note is in your handwriting?—A. It is; yes, sir.

Q. Is the date of the note, March 19, 1887, in your handwriting?—A. No, sir.

Q. Then when you signed the note the date was left blank?—A. The date was undoubtedly left blank.

Q. Afterwards filled in in the handwriting of Charles F. Kellogg?—A. I do not know Mr. Kellogg, in the first place, and would not know his handwriting.

Q. State the circumstances under which you signed that note.—A. I signed that note at the request of Mr. Thomas Dana.

Q. What took place when you signed it?—A. It was signed with the distinct understanding that it was for a personal loan on his account, and that collateral should be placed with the note sufficient to take care of it, and I should never hear of it.

Q. That is, Mr. Dana in using the note would put in collateral that would protect it?—A. That is what I understood. Collateral was to be deposited with the bank.

Q. This understanding was with Mr. Thomas Dana?—A. Mr. Thomas Dana.

Q. What was your age then?—A. Thirty-one years.

Q. What was your business?—A. Shipping clerk for Thomas Dana & Co.

Q. For the firm?—A. Yes, sir.

Q. You were not in condition yourself to sign a note of that kind?—A. No, sir; not to take care of it. I could sign it, but not take care of it.

Q. You are not now in condition to take care of it?—A. No, sir.

Q. State to what extent you have signed or indorsed notes for the firm.—A. I have signed none since that time.

Q. Before that time?—A. I might have signed several. I would not want to state how many. I do not recall.

Q. Of as large amount?—A. I could not say. I think not.

Q. Had you signed before that time notes of large amount, far beyond your own means to pay?—A. Undoubtedly.

Q. Going back what length of time?—A. Probably for two years before.

Q. Before this period?—A. Probably; I would not want to state positively.

Q. Have all the notes been taken care of except this one?—A. I do not know that this one has not been taken care of. I have never been asked about it.

Q. I think this appears in the receiver's schedule now. It is reported by the receiver, Charles W. Clark, \$35,384.63. You are in no condition to pay that note?—A. No, sir.

TESTIMONY OF JOSEPH C. GREELEY.

JOSEPH C. GREELEY, being duly sworn, testified as follows:

By the CHAIRMAN:

Q. What is your residence?—A. I reside now at 69 Myrtle street. I did live at 109 Pinckney street.

Q. Were you a member of the firm of Thomas Dana & Co.?—A. No, sir.

Q. Did you sign a note July 1, 1891, for \$15,000 for Thomas Dana?—A. I remember signing a note, but I do not remember the date of it.

Q. You remember signing a note of about that amount?—A. Yes, sir.

Q. What was your business then?—A. Entry clerk, with Thomas Dana & Co.

Q. What was your age about the time you signed this note?—A. I am 41 now.

Q. This was how long ago?—A. I do not remember the date.

Q. July, 1891, a year or more ago. Was that an accommodation note signed by you for the firm?—A. Yes, sir.

Q. You had no interest in it?—A. No, sir.

Q. Were you in any condition to pay that amount of money if called upon?—A. No, sir.

Q. You were not?—A. No, sir.

At 4 o'clock p. m. the committee adjourned until to-morrow, Thursday, August 18, 1892, at 11 o'clock a. m.

BOSTON, MASS., *August 18, 1892.*

The committee met at 11 o'clock a. m. pursuant to adjournment.

Present: Senators Chandler (chairman), Dixon, and Carlisle.

TESTIMONY OF RICHARD P. WATERS.

RICHARD P. WATERS, being duly sworn, testified as follows:

By the CHAIRMAN:

Q. State your name and residence.—A. Richard P. Waters, Wenham, Mass.

Q. State the name of the street and the number of the house?—A. I have no number; the place is called Lakeside.

Q. What is your business?—A. Wool salesman.

Q. Where?—A. With D. W. Putnam, jr., & Co., 217 Federal street.

Q. What is your age?—A. Twenty-three.

Q. You may state whether at any time you made a note for the accommodation of Mr. Asa P. Potter for \$29,045.—A. I do not know of any such note.

Q. You do not know of any such note?—A. No, sir.

Q. Did you ever make any note for him?—A. I do not know that I ever did.

Q. Did you ever pledge for any note 104 Atchison, Topeka and Santa Fe 4 per cents?—A. I do not know that I ever did.

Q. Did you ever sign any accommodation notes for anyone?—A. I do not know that I ever did; no, sir.

Q. Did you ever sign any accommodation note that went into the Maverick National Bank?—A. I do not know that I ever did.

Q. Have you ever heard that you did?—A. No, sir.

Q. You have not?—A. No, sir.

Q. Are you not the R. P. Waters whose name has been published as having given an accommodation note to Mr. Potter?—A. I have not seen the publication.

Q. Have you heard that there was a Mr. R. P. Waters who is supposed to have given a note for Mr. Potter's accommodation which went into the Maverick National Bank?—A. I am the only R. P. Waters living that I ever heard of.

Q. Had you ever heard that a Mr. R. P. Waters had given such a note?—A. No, sir.

Q. You never had heard that a Mr. R. P. Waters had given a note to the Maverick National Bank through Mr. Asa P. Potter?—A. No, sir.

Q. You never heard that?—A. No, sir.

Q. Do you know of any other Mr. R. P. Waters in Boston?—A. No, sir.

Q. If there is a note of Mr. R. P. Waters in the Maverick National Bank you are not the maker of the note, as you understand?—A. Not to my knowledge.

By Senator CARLISLE:

Q. Were you ever employed in any way whatever at the Maverick National Bank?—A. Only to make deposits for Thomas Dana & Co.

Q. Were you employed by Thomas Dana & Co.?—A. Yes, sir.

Q. In what capacity?—A. I went there as a boy.

Q. How old were you?—A. I was 18.

Q. How long did you remain there?—A. About nine months.

Q. Did Mr. Dana ever request you to sign a note or did anyone request you to sign a note for Mr. Dana?—A. I remember signing a paper.

I do not know what it was about. A member of the firm brought it to me. That is all I know.

Q. What member of the firm?—A. Mr. Delano.

Q. Did you read that paper?—A. No, sir.

Q. Do you remember about what time it was presented to you and signed by you?—A. No, sir.

Q. Have you ever seen it since?—A. No, sir.

Q. If there was a note in the Maverick National Bank with your name attached, might it not be that paper?—A. I think very likely.

Q. What is your answer?—A. It might be.

Q. You did, in fact, sign a paper?—A. I signed a paper that they asked me to sign. They said that I was liable for nothing.

Q. What information did you receive as to the purpose of getting your signature to that paper?—A. It was a paper brought to me for Mr. Dana, in connection, I understood, with Mr. Dana.

Q. You understood you were doing this in some way for the accommodation of Mr. Dana?—A. Yes, sir. I refused at first, not knowing what it was, and they said it was only a mater. of form; they wanted a signature.

Q. They needed a signature. Can you tell about what time that was?

The WITNESS. The time of the year?

Senator CARLISLE. How many years ago?

A. About five years ago.

Q. You never signed but one note?—A. Not that I remember of.

By the CHAIRMAN:

Q. Have you employed any counsel in connection with this matter?—

A. I asked my lawyer what it could possibly be that I was summoned for.

Q. Who is the lawyer you consulted?—A. Charles Lincoln—this morning about ten minutes of 11.

Q. You consulted him only after you had been summoned?—A. Yes, sir; about half past 10.

Q. You never consulted him before about the matter?—A. No, sir.

Q. Did you ever sign any other papers of this kind for any member of the firm?—A. Not that I remember of.

Q. Tax your memory.—A. (After a pause.) I do not think I did.

Q. You think this is the only time you accommodated the firm in this way by signing a paper?—A. I think it was.

Q. Are you not able to say whether you signed a promissory note or not?—A. I did not read it; I did not look at it; I only signed my name to it. It was handed to me. I did not know whether it had anything to do with banking business or not.

TESTIMONY OF JOSEPH M. COX.

JOSEPH M. COX, being duly sworn, testified as follows:

By the CHAIRMAN:

Q. What is your business?—A. I am a stock-broker.

Q. Where is your home residence?—A. Dorchester.

Q. What place in Dorchester?—A. On Washington street, 464.

Q. State whether you signed a note which Mr. Kean shows you?—A. (Examining note.) I do not think I did.

Q.

\$40,000.

BOSTON, April 1st, 1889.

On demand, with interest at five per cent, I promise to pay to the Maverick National Bank, or order, forty thousand dollars for value received, I having deposited with this obligation as collateral security fifteen hundred shares West End Land Company's stock, and hereby give authority to sell the same, also any collateral substituted for or added to the above, without notice, either at public or private sale, or otherwise, at the option of the holder thereof, on the non-performance of this promise, the holder hereof giving me any credit for the net proceeds of the balance of such sale remaining after paying all sums due from me on this obligation. And it is further agreed that said collateral may be applied at any time towards any obligation of mine to this bank.

JOSEPH M. COX.

On the back are ten payments of interest of \$500 each, except that one is a payment of \$600. On the top of the note is written, H. L. H., February 12, 1892.—A. I have seen it before.

Q. The body of the note I will inform you is in the handwriting of Mr. Charles Kellogg; and there are these initials, H. L. H., February 12, 1892. Look carefully at the note. Did you sign that?—A. I do not think I did.

Q. Did you ever sign any accommodation notes for anybody connected with the Maverick National Bank?—A. I never was asked to sign a note for anybody in the Maverick Bank.

Q. Did you ever sign any for anyone outside of this one?—A. Not to my knowledge.

Q. Did you ever sign a note outside of this note?—A. I made a memorandum when I did it. I signed one other note.

Q. Have you a memorandum of that?—A. The note went into the Winthrop Bank. It was on Detroit electric stock as collateral.

Q. What was the amount?—A. It was \$10,000 or \$15,000.

Q. Not over \$15,000 and not less than \$10,000?—A. I do not think it was over \$15,000. It was on Detroit electric.

Q. For whom did you sign that note?—A. Mr. Tobey, who had charge of the notes for Evans & Co., came to me and asked me to sign it. He told me what it was, and I looked and saw what it was.

Q. You had no connection with the firm of Evans & Co?—A. I had charge of the order department.

Q. You were a clerk with Evans & Co.?—A. I was.

Q. In what capacity?—A. I had charge of the orders.

Q. I forget whether you stated your age?—A. I am 23.

Q. Now, what became of this note which you did sign and of which you made a memorandum?—A. I went and looked it up, and it was paid, and I suppose it is in the Winthrop Bank now.

Q. That note which you satisfied yourself was paid was the only note you ever signed for the accommodation of these parties?—A. That is all I recollect.

Q. Look carefully at this signature and state whether it resembles your handwriting or not?—A. Somewhat.

Q. Is there anything about it that influences you to state that it is not your signature, although resembling your signature?—Well, I do not sign my name that way, and I do not remember of ever signing it that way.

Q. Will you be kind enough to take a sheet of paper and to write your name a half dozen times. Begin at the top of the page and write several underneath, so that you will be sure that it will not be put into any of the banks of Boston.

(The witness wrote his name six times on a sheet of paper, which was designated M. W. B., Boston, August 18, 1892.)

By Senator CARLISLE:

Q. Do you sign your name now a little different from what you formerly did?—A. I do not know that I ever wrote it that way. I do not recollect so many years back how I did sign my name.

Q. I thought you said you did not know whether it is exactly like it was three years ago?—A. I do not think that I have made a change.

By the CHAIRMAN:

Q. This is a matter of some importance. State whether you signed that note or not.—A. I told you I did not know whether I did or not.

Q. State your belief about it.—A. I do not think I did. I never saw the note until Mr. Beal showed it to me.

Q. If you signed it, did you sign it when it was filled up like it is now, or in blank?—A. In blank.

Q. You are confident that you never signed that paper with the \$40,000 written in?—A. I am positive.

Q. Did you ever sign any paper of any kind for anybody and deliver it to them in blank except the other note of which you have spoken?—A. That is all of which I have any remembrance, and I kept an account of it.

Q. The other note you did not sign in blank?—A. No; I took an item of what it was.

Q. I ask you whether you ever signed any papers in blank?—A. Yes, which I supposed were powers of attorney.

Q. For whom?—A. For Evans & Co.

Q. Have you signed many powers of attorneys?—A. I do not know how many I have signed. There has been stock taken out at different times in my name, and I think I remember signing blank powers of attorney.

Q. So that it could be transferred?—A. Yes, sir.

Q. You had no interest in the stock?—A. No interest.

Q. Therefore if stock were put in your name, and you had no interest in it, you were willing to have it transferred?—A. Yes, sir.

Q. As to promissory notes or money obligations you do not remember of ever having signed any of these in blank?—A. I do not; no.

Q. How long have you been in business as a broker?—A. With Evans and since I have been in business myself—.

Q. How long alone?—A. Since December of last year.

Q. In partnership with whom?—A. Scott F. Bickford.

Q. You have a partnership with him?—A. Yes, sir.

Q. He had been with Evans & Co. with you?—A. Yes, sir.

Q. Has any claim been made against you for the payment of this \$40,000?—A. Yes, sir, by Mr. Beal.

Q. You are not able to pay it even if it is signed by you?

The WITNESS. Am I obliged to answer that question?

The CHAIRMAN. You need not. You could not pay it to-morrow very conveniently?

A. No.

Q. Has any further claim been made upon you except for this \$40,000?—A. That is all the claim that has been made upon me.

By Senator CARLISLE:

Q. You were employed by Evans?—A. Yes, sir.

Q. How long?—A. I think I was in his employ about six years.

Q. Six years?—A. In that neighborhood.

Q. Did ever know of anybody employed there by the name of E. M. Bixby?—A. No, sir. There was no clerk employed there by that name.

Q. In the six years you were there?—A. No, sir.

Q. Was there anybody employed there whom you now remember whose initials were E. M.?—A. No, sir. There was an E. G.

Q. E. G. who?—A. E. G. Frost; Edgar Frost.

Q. But no Bixby?—A. No Bixby.

Q. Did you ever know anybody by the name of E. M. Bixby?—A. No, sir; I never did.

Q. B-i-x-b-y is the way it is spelled.—A. No, sir; I never did.

Q. Did you ever see a note purporting to be signed by E. M. Bixby?—A. No, sir; I have not.

- Q. Do you know anything of it?—A. No, sir; I know nothing of it.
 Q. What did you say Mr. Frost's name was?—A. Edgar.
 Q. This purports to be Edgar M. Bixby?—A. Can I see the writing?
 Q. The note is not here. I should show it to you if it were here. It seems to be out for collection.—A. I know his writing and could tell it.

TESTIMONY OF HENRY G. DILLAWAY.

HENRY G. DILLAWAY, being duly sworn, testified as follows:

By the CHAIRMAN:

- Q. Where is your home residence?—A. At Quincy.
 Q. Where in Quincy can you be found?—A. At 6 Putnam street.
 Q. What is your business?—A. Note broker.
 Q. Has that been your business for some twenty years last past?—
 A. Yes, sir.
 Q. Where is your present place of business?—A. 53 Congress street.
 Q. Did you in 1883 know anything about any Mexican Central securities carried by the Maverick Bank for Mr. J. W. Magruder?—A. I know nothing of it.
 Q. You did not?—A. No, sir.
 Q. Was your name used in connection with any such bonds or notes given therefor or interest paid thereon to your knowledge?—A. Not to my knowledge.
 Q. Did you know Mr. Magruder?—A. I knew him by sight.
 Q. Did you know him by sight?—A. Yes, sir.
 Q. Did you have anything to do with any transactions in Mexican Central bonds of Mr. Magruder?—A. No, sir.
 Q. Did you ever sign any notes which have been put into the Maverick Bank?—A. Yes, sir.
 Q. State how many and what they were.—A. I could not say. Generally there was one note continued.
 Q. Did you sign a note dated August 6, 1891, for \$39,982.11?—A. For about that amount and about that time, I should say.
 Q. State the circumstances under which you signed that note.—A. I was requested to do so by Mr. Kellogg, Mr. Potter's clerk, for Mr. Potter.
 Q. Mr. Charles F. Kellogg?—A. Charles F. Kellogg.
 Q. Were you in any relation to Mr. Potter that made it natural for him to seek you as a maker of that accommodation note?—A. None, except in the way of friendship.
 Q. What was your acquaintance with Mr. Potter?—A. I have done business with the bank for a great many years; ever since it was located in Boston.
 Q. You have had frequent dealings with the bank?—A. Yes, sir.
 Q. Is that note in the hands of the counsel of the receiver for collection from you?—A. It may be, because I had notice from him to call.
 Q. You have been asked to pay it, and have not been able to pay it?—
 A. No, sir.
 Q. Was the note filled up when you signed it?—A. Yes, sir.
 Q. What understanding or arrangement was there between you and Mr. Kellogg or Mr. Potter at the time you signed that note?—A. It was understood that it would be taken up by Mr. Potter, and I had his guarantee to that effect.
 Q. Was his guarantee given about that time?—A. Yes, sir.

Q. You have retained it since?—A. Yes, sir.

Q. Were you in a condition to pay a note of that size at that time?—

A. I should prefer not to answer the question unless obliged to.

Q. You have not been able to pay it so far?—A. I have not paid it so far.

Q. Do you dispute your liability to pay it?—A. I think I should.

Q. You think you would?—A. Yes, sir.

Q. You say you signed it?—A. Yes, sir; I signed it.

Q. State any other transactions of this kind, any other accommodation notes which you have signed and which have gone into the Maverick Bank.—A. I have signed notes of like amount, of which this is a continuance.

Q. Of how long standing had been this transaction when the bank failed?—A. A number of years; but I could not tell just when.

Q. Had you during this period been a borrower at the bank?—A. In a small way, but not to any extent.

Q. You never yourself borrowed any large amount?—A. Occasionally; not often.

Q. Have you been in the habit of getting paper discounted at the bank; as a broker, have you been in the habit of securing discounts at the bank?—A. I have sold paper to the bank.

Q. In large quantities?—A. Not largely.

Q. In large quantities?—A. Not in large quantities, except on rare occasions.

Q. Have you ever sold large notes to the bank?—A. I never sold any very large notes.

Q. What is the largest notes you ever sold to the bank, for instance?—A. I should say perhaps \$10,000.

Q. But you have been the habit, as a broker, of undertaking to sell commercial paper, and have sold such paper to the Maverick Bank?—A. At times; yes, sir.

Q. Was it in consideration of that kind of business that you were doing with the bank that you were willing to loan Mr. Potter your accommodation note?—A. No, sir.

Q. What was the motive?—A. Nothing but long acquaintance.

Q. Acquaintance and friendship?—A. Yes, sir.

Q. And your own dealings with the bank had no influence in your mind in inducing you to become responsible for this amount of money?—A. No, sir; I never claimed any accommodations I was not entitled to from the nature of my business.

By Senator CARLISLE :

Q. You have no personal or pecuniary interest in this transaction whatever?—A. None whatever.

Q. Was that fact known to the directors of the bank so far as you know?—A. I do not know, of course. I could not say. I should presume so.

Q. It was known to Mr. Potter?—A. It was known to Mr. Potter.

Q. For whom was Mr. Kellogg acting?—A. For Mr. Potter; as clerk for him.

Q. He was president of the bank?—A. Yes, sir; president of the bank.

Q. That same kind of transaction had been going on for quite a number of years?—A. I should say for two or three years. I can not tell exactly the years.

Q. Were you personally acquainted with the directors of the bank,

most of them or any of them?—A. I was personally acquainted with all of them.

Q. They were personally acquainted with you and knew your circumstances financially?—A. I can not say as to that. I do not know whether they would have known or not. I could not say.

Q. You can not say as to that?—A. No, sir.

TESTIMONY OF THOMAS M. MITCHELL.

THOMAS M. MITCHELL, being duly sworn, testified as follows:

By the CHAIRMAN:

Q. Where is your residence?—A. 14 Norman street, in the West End.

Q. How old are you?—A. Sixteen.

Q. What was your connection with the Maverick Bank?—A. I was bank messenger; an outside messenger for the bank.

Q. How long did you work for the bank?—A. A little over a year.

Q. What did they pay you?—A. Five dollars a week.

Q. Did you sign two notes, one dated October 27, 1891, for \$13,000, and another October 1, 1890, for \$9,457.50, which Mr. Kean will show you?—A. (Examining notes.) Yes, sir.

Q.

\$15,000.

BOSTON, December 6, 1890.

On demand after date I promise to pay to the order of Maverick National Bank fifteen thousand dollars, payable at said bank, with five per cent interest. Value received.

THOMAS M. MITCHELL.

With sundry indorsements on the back.

\$13,000.

BOSTON, October 27, 1891.

On demand after date I promise to pay to the order of myself thirteen thousand dollars, payable at the Maverick National Bank, with five per cent interest. Value received.

THOMAS M. MITCHELL.

Q. Did you sign that?—A. Yes, sir.

Q. You signed this?—A. Yes, sir.

Q.

\$9,457.50.

BOSTON, October 1st, 1890.

On demand after date I promise to pay to the order of Maverick National Bank nine thousand four hundred fifty-seven dollars and fifty cents, payable at said bank, with five per cent interest.

THOMAS MITCHELL.

You did not put your "M." in there?—A. No, sir; I did not.

Q. Are you sure you wrote that?—A. Yes, sir.

Q. Do you know why you omitted to put the "M." in?—A. No, sir; I do not.

Q. On the back of the October 1, 1890, note are three payments of interest, and September 25, 1891, received \$4,041.47. I will inform you, Mr. Mitchell, that the handwriting in the body of these notes is that of Mr. Charles F. Kellogg. Now you may state how you happened to sign those notes?—A. Mr. Work called me, and told me to put my name down there. That is all I know about them. I put my name down. I did not stop to read them.

Q. Mr. Work called you and told you to put your name down there and you did it?—A. Yes, sir.

Q. Do you remember putting your name down to any more pieces of paper than these for Mr. Work?—A. I do not.

Q. Do you think these are all you ever put your name to?—A. Yes, sir; I believe they are.

Q. Did you know what you were signing?—A. No, sir.

Q. Do you know whether the notes were in blank when you signed them?

Senator CARLISLE: Not filled in.

Q. Not written in; whether the printed matter was in there alone, and not the writing?—A. I do not know. I can not say. I did not stop to read them.

Q. You did not stop to ascertain whether they were filled up or not?—A. No, sir.

Q. Did Mr. Work tell you they were promissory notes?—A. He did not tell me anything.

Q. He simply told you to sign your name?—A. Yes, sir.

Q. Did he order you to sign or request you?—A. He simply told me to put my name down there.

Q. You did that?—A. Yes, sir.

Q. Are these the only three times that you have signed papers of that sort at the bank?—A. I believe it is.

Q. You have no recollection of others?—A. No, sir.

Q. Have you ever signed such papers for anyone else?—A. I do not know that I have.

Q. Where have you been since you left the Maverick Bank?—A. I have not been anywhere particularly.

Q. What work have you been doing?—A. I have not done any work lately, only I worked for Mr. Potter.

Q. Asa P. Potter.—A. Yes, sir.

Q. Where did you work for him?—A. In his office.

Q. Since the failure of the bank?—A. Yes, sir.

Q. What are you doing now?—A. I am not doing anything at all.

Q. Did you have any extra pay for signing your name to these notes?—A. No, sir; I did not.

Q. Did Mr. Work or anybody else ever give you anything at all besides the \$5 a week which you were paid?—A. No, sir.

Q. Never did?—A. No, sir.

Q. Have you been messenger at any other bank in Boston?—A. No, sir.

Q. You have not loaned your credit to any other of the Boston banks?—A. No, sir.

By Senator CARLISLE:

Q. You say you believe that these are the only papers you ever signed?—A. Yes, sir.

Q. You mean by that that you do not remember any others?—A. No, sir.

Q. Would you have remembered these if you had not seen them?—A. I could remember signing two or three of them.

Q. When you came here this morning you remembered that you had signed two or three papers?—A. Yes, sir.

Q. And no more?—A. That is all.

TESTIMONY OF JOSEPH WARREN.

JOSEPH WARREN, being duly sworn, testified as follows:

By the CHAIRMAN:

Q. State your home residence and place of business.—A. 308 Newbury, and business, 5 Tremont.

Q. In Boston?—A. Yes, sir.

Q. What is your business, and what has been your business for the last twenty years?—A. Clerk most of the time, and all the time, I might say.

Q. Clerical work?—A. Yes, sir.

Q. Have you done business on your own account during this period?—A. No, sir.

Q. Were you ever connected with the Maverick Bank; if so, how long?—A. Yes, sir; about three years. In 1888 I went there.

Q. And stayed until the bank closed?—A. Until the bank closed.

Q. What was your work in connection with the Maverick Bank?—A. I had charge of the paid checks; that is, the individual checks and the bank checks until the end of the month. Then they were given to the messengers.

Q. You had charge of paid checks. Was that your principal work during the whole three years that you were connected with the bank?—A. The principal work. First I assisted the corresponding clerk for awhile when I first went there.

Q. You were paid a salary by the bank?—A. Yes, sir.

Q. Were you paid anything else while you were serving the bank except your bank salary?—A. No, sir.

Q. You may state whether you made accommodation notes which were discounted in the bank at any time?—A. I did; yes, sir.

Q. You may describe, from recollection, the notes which you made.—A. I can not remember all of them.

Q. Do you remember the last one that you made?—A. Yes, sir; the last one was a large one; for about \$400,000.

Q. You did sign the \$402,000 note, as reported in the testimony here?—A. Yes, sir.

Q. How did it read? Do you know whether it was payable to the bank, or to your own order, or to someone else's order?—A. It was merely on demand. I do not think it was to anyone's order.

Q. Do you think it was payable to the bank?—A. No, sir; I do not think it was.

Q. It was payable to somebody; to whom?—A. It was on one of these printed blanks of the bank.

Q. With specific collateral?—A. Where collateral was put in.

Q. Was it not printed "payable to the Maverick Bank"?—A. It was printed in.

Q. The printed matter made it a note to the Maverick Bank?—A. Yes, sir.

Q. It took collateral with it?—A. Yes, sir.

Q. Was it known to you that collateral was to be placed with that note when you signed it?—A. I never saw the collateral nor any specifications of what it was.

Q. You knew that large collateral was to be placed with this \$400,000 note of yours?—A. Yes, sir; I supposed so.

Q. You had no doubt of it?—A. No, sir; I had no doubt of it.

Q. I want to get the transaction exactly as it rested in your mind when you signed that note. What did you understand it to be?—A. I understood it to be a note. Mr. Work asked me and said Mr. Potter wished me to sign that note.

Q. It was for his accommodation?—A. That is the way I understood it.

Q. Now, what was said about collateral?—A. I do not think there was anything said about collateral.

Q. You did not sign a \$400,000 note expecting that it was to be discounted by the bank without any collateral?—A. I did not know the bank was to discount it. I knew it was for Mr. Potter. What use he was to make of it I did not know. I supposed he was a man of means, and supposed he would take care of it, whatever it was.

Q. Will you look at the notes Mr. Kean shows you and state whether you signed the same. The \$400,000 note is not here. Look at the two now shown you.—A. (Examining note.) Yes, sir; that is my signature.

Q.

\$40,000.

BOSTON, Nov. 3, 1884.

On demand I promise to pay to the order of myself forty thousand dollars, payable at any bank in Boston, with five per cent interest. Value received.

JOSEPH WARREN.

Indorsed by Joseph Warren in blank, and very many \$500 payments of interest, reaching from 1885 down to 1891. State in whose handwriting the body of that note is.—A. I think it is Mr. Kellogg's.

Q. Mr. Charles F. Kellogg's?—A. I think so.

Q.

\$25,260.88.

BOSTON, July 1st, 1891.

On demand after date I promise to pay to the order of Maverick National Bank twenty-five thousand two hundred sixty dollars and eighty-eight cents, payable at said bank, with five per cent interest. Value received.

JOSEPH WARREN.

With sundry indorsements. Is that also filled up in the handwriting of Mr. Kellogg?—A. I should say so.

Q. Have you any doubt about it?—A. No, sir; that is my impression.

Q. Did you ever sign any accommodation notes for Mr. Potter or anyone else connected with the Maverick Bank, or for anyone in blank?—A. No, sir.

Q. To be used in an emergency?—A. No, sir.

Q. You do not think you did?—A. No, sir.

Q. It is perhaps unnecessary for me to ask, you never have been in any condition to pay these notes, either when you signed them or now?—A. No, sir; I have no interest in them, and did not expect to pay them.

Q. You did not expect to pay them?—A. No, sir; I supposed they would be taken care of.

Q. And you could not have paid them if it had become necessary for you to pay them?—A. No, sir.

Q. Did you ever receive any compensation for signing any of these notes?—A. No, sir; I did not.

By Senator CARLISLE:

Q. Mr. Warren, you were asked if you understood at the time you signed the \$402,000 note that it was to be discounted at the Maverick Bank. You said you did not know anything about it. Can you state whether it was discounted at the bank?—A. I can not. I had not access to that part of the books, but in the report I see the bank holds it.

Q. It is still held by the bank?—A. Yes, sir; that is it.

TESTIMONY OF E. H. HEWINS.

E. H. HEWINS, being duly sworn, testified as follows:

By the CHAIRMAN:

Q. Be kind enough to state your place of residence and place of business, so that you can be found, if wanted.—A. My residence is 625 Tremont, Boston; place of business, 18 Post-Office Square.

Q. What is your business?—A. General superintendent of the New England Weston Electric Company.

Q. State whether you have ever been connected with the Maverick Bank?—A. Never.

Q. What has been your business for the last half dozen years?—A. For ten years I have been in my present business.

Q. Superintendent of this electric company?—A. Yes, sir.

Q. You may state whether you ever made any accommodation note for Mr. Asa P. Potter?—A. I did.

Q. State whether more than one?—A. One that was renewed and continued from time to time.

Q. You never had more than one transaction of that kind for him?—A. Only one.

Q. Is there such a note now unpaid in the hands of the receiver, as you understand?—A. There is.

Q. What is the amount?—A. Between \$39,000 and \$40,000.

Q. Was that note dated September 7, 1891, coming due January 10, 1892, for \$39,942.50?—A. I think that was it.

Q. It was renewed shortly before the failure of the bank?—A. It was renewed on that day, September 7.

Q. State the circumstances which led you to make the original of this note.—A. I was requested.

Q. By whom?—A. I was asked by Mr. Potter if I would do so, and did.

Q. How long ago?—A. That was several years ago. I can not recall the time.

Q. You had continued this several years?—A. Yes, sir.

Q. Did you ever receive any compensation from him for loaning him your credit?—A. No, sir.

Q. Did you receive any favors of any kind or acknowledgments of any kind from Mr. Potter?—A. None whatever.

Q. Or from the Maverick Bank?—A. None.

Q. Was this accommodation purely an act of friendship and kindness?—A. Certainly; only a matter of accommodation.

Q. What was your understanding at the time you signed the note as to whether collateral would be put with it or not?—A. When the original note was made it was distinctly stated that ample collateral should be behind it.

Q. Secured by collateral?—A. Yes, sir.

Q. Did you see to it that such collateral was deposited?—A. I did not.

Q. Did you ever ascertain what collateral had been deposited with it?—A. Never.

Q. But you know now what collateral is held?—A. I do not.

Q. Have you been called upon to pay the note?—A. Not since it became due.

Q. Has the receiver asked you to pay the note?—A. I received the usual notice.

Q. You have not paid it or made any effort to pay it?—A. No, sir.

Q. Are you in a condition to pay it?—A. No, sir.

Q. Were you in condition at the time you signed the note to pay so large a note as that?—A. No, sir.

Q. You would not have asserted your own individual responsibility as equal to pay a note of that kind?—A. No, sir.

By Senator CARLISLE:

Q. Do you know how much of it remains unpaid?—A. The whole of it.

Q. So far as you know nothing has been realized from the collateral?—A. Not to my knowledge.

Q. You do not know then whether there was any specific collateral deposited for the security of this note, or whether it relied upon the general collateral Mr. Potter had in the bank?—A. I supposed it to be the general collateral; no specific collateral.

By the CHAIRMAN:

Q. If anything is realized on the general collateral it will be apportioned off and a part of it applied to this note of yours?—A. I suppose so.

TESTIMONY OF EDWARD J. MURPHY.

EDWARD J. MURPHY, being duly sworn, testified as follows:

By the CHAIRMAN:

Q. State your full name.—A. Edward J. Murphy.

Q. What is your age?—A. Nineteen now.

Q. What are you doing now?—A. I am mailing clerk for George A. Alden & Co.

Q. Were you ever in the Maverick Bank?—A. Yes, sir.

Q. What were you in the Maverick Bank?—A. Messenger.

Q. Up to the time of the bank's failure did you stay there?—A. Yes, sir.

Q. How long before the failure had you been there?—A. Almost three years.

Q. What pay did you get?—A. I got \$7.

Q. Seven dollars a week?—A. Yes, sir.

Q. For the whole three years?—A. No, sir; I got \$5 when I went there; afterward \$6 and then \$7.

Q. Did you ever receive any more for additional work for the bank?—A. No, sir.

Q. Did you ever sign any notes for Mr. Potter?—A. I never signed any notes to my knowledge.

Q. You never signed any note to your knowledge?—A. No, sir.

Q. Did you ever sign any paper for Mr. Potter or anybody else connected with the bank?—A. I have not signed any paper for Mr. Potter. I signed several papers while I was in the bank.

Q. Who asked you to sign them?—A. I do not remember exactly; either Mr. Kellogg, Mr. Work, or Mr. Domet.

Q. Who was the last gentleman you named?—A. Mr. Domet; he was the assistant cashier.

Q. One of the three asked you to?—A. Yes, sir.

Q. How many times do you remember having signed papers for them, as near as you can recollect?—A. Probably a half dozen.

- Q. A half dozen times?—A. Yes, sir.
- Q. What do you recollect about them?—A. I was requested to sign them by some one of these three gentlemen.
- Q. At different times?—A. Yes, sir.
- Q. Did you ever sign more than one at one time?—A. No, sir; I only remember of signing one at each time.
- Q. Did you take any memorandum of these papers?—A. No, sir.
- Q. Did you have a father and mother living?—A. I have a mother living.
- Q. Did you tell your mother that you had signed these papers?—A. No, sir.
- Q. You did not?—A. No, sir.
- Q. When did she first know that you had signed these papers?—A. It was after the bank had failed, and Mr. Beal or Mr. Ewer had the note, and they spoke to Mr. Bishop, the stenographer, about it. They asked him who Edward J. Murphy was, and he did not at the time think of me. He did not think the note was mine, and I think there was an Edward J. Murphy or Edward Murphy, a depositor at the bank.
- Q. They thought it might be this depositor at the bank?—A. Yes, sir. A gentleman came down to the house and asked me if I had signed it. I said I did not know whether I had signed it. I did not know at the time. Mr. Allen showed it to me sometime ago.
- Q. You really did not know you had signed the note at all until Mr. Allen showed it to you?—A. No, sir.
- Q. Did you tell your mother at this time?—A. I mentioned it to her.
- Q. What did she think about it?—A. I can not say. She did not say anything about it.
- Q. Did she approve of it?—A. I do not know. She told me I should not have signed my name to anything I did not know anything about. I told her I had to do as I was requested.
- Q. Now look at the notes Mr. Kean shows you, and see if you signed them?—A. (Examining notes.) I think so.
- Q. You signed them?—A. I think so. The writing is different from what I write now.
- Q. Do you know the handwriting in which this note is filled up?—A. I think it looks like Mr. Kellogg's.
- Q. Mr. Charles F. Kellogg's?—A. Yes, sir.
- Q. I will say to you that you are right; it is in the handwriting of Mr. Charles F. Kellogg. Do you think that the writing was there when you signed it?—A. I do not know. All I saw was the dotted line.
- Q. You saw the dotted line?—A. Yes, sir.
- Q. You do not remember whether it was filled in?—A. He kept his hand over the body of the note and asked me to put my name on the dotted line.
- Q. You mean to say you did not know what you signed?—A. No, sir; I did not.
- Q. Did he not tell you it was a note he wanted you to lend the bank?—A. No, sir. He told me to put my name on the dotted line, and I put it there.
- Q. Is that the same way you signed the other notes?—A. Yes, sir.
- Q. You did not see the body of any of them?—A. No, sir.
- Q. And you do not know whether they were filled up or not?—A. No, sir; I remember him folding them up and taking them away. He picked the note up and folded it walking down the aisle of the bank.

Q. Where did you do this?—A. In the old quarters before they fixed the bank over.

Q. Outside, in the bank?—A. Yes, sir.

Q. In the outer room of the bank?—A. Yes, sir.

The CHAIRMAN. The note is as follows:

\$38,633.10.

BOSTON, July 1, 1890.

On demand, with interest, I promise to pay to the Maverick National Bank of Boston, or order, thirty-eight thousand six hundred and thirty-three dollars and ten cents, for value received, I having deposited with this obligation —

Then follow the name of the collateral and the usual power to sell the collateral; signed, Edward J. Murphy; no indorsement.

TESTIMONY OF J. HERBERT DAY.

J. HERBERT DAY, being duly sworn, testified as follows:

By the CHAIRMAN:

Q. Give your full name.—A. J. Herbert Day.

Q. What is your business?—A. Bookkeeper.

Q. Give your residence.—A. Hyde Park, 20 Page street.

Q. Bookkeeper for whom?—A. Tucker, Anthony & Co.

Q. What was your connection with Irving A. Evans & Co.?—A. I was delivery clerk.

Q. What is your age?—A. Twenty-three.

Q. Did you sign an accommodation note for the firm for \$40,000, which went into the Maverick Bank, as you afterwards learned?—A. I remember signing a note. I do not know what amount it was.

Q. How large a note was it?—A. I could not say.

Q. Do you remember signing a note of about \$40,000?—A. I could not say as to the amount. I remember signing a note.

Q. Had you been in the habit of signing accommodation notes for the firm?—A. Only once or twice they came to me and asked me to sign notes.

Q. And you did so?—A. Yes, sir.

Q. Did you know what they were when you signed them?—A. No, sir.

Q. You knew that they were promissory notes?—A. Regular blank form notes.

Q. Did you know whether they were notes or powers of attorney or what they were?—A. I did not know.

Q. Do you mean to say that you did not know whether you were signing a blank power of attorney or a note?—A. Only signing a note.

Q. You knew you were signing a note?—A. Yes, sir.

Q. Did you sign notes which you knew you were signing, which were not filled up, but which were in blank, except so far as the printing goes?—A. Yes, sir; in blank.

Q. Did you sign such notes?—A. Yes, sir.

Q. How many of these notes have ever turned up in any way?—A. I have not seen any of them.

Q. You never have seen any of them?—A. No, sir.

Q. Did you ever know that any of them were in the Maverick Bank?—A. I did not. I supposed they were all paid.

Q. There was one such note surrendered in October, 1891?—A. I can not remember the date.

- Q. At some time last fall was that note returned to you?—A. No, sir; it was not.
- Q. Was the note canceled, to your knowledge?—A. I supposed it had been. I had not heard anything about it.
- Q. Did you know it?—A. No, sir.
- Q. Never knew anything about it?—A. No, sir.
- Q. You were in no condition to pay a note of \$40,000 at any time?—A. No, sir.
- Q. Did you ever receive any compensation besides your salary for signing these notes?—A. No, sir.

By Senator CARLISLE:

- Q. You say you are 23 years old?—A. Yes, sir.
- Q. When were you 23?—A. Last November.
- Q. November, 1891?—A. Yes, sir.
- Q. This note, I believe, appears in the report of August, 1891. How long before that time had you begun to sign these notes?—A. The first time I signed a note I think I had been there about two years.
- Q. You were about 18 then?—A. I went there when I was 18. It was a little while afterwards.
- Q. You went there when you were 18; how long after that did you begin to sign notes?—A. I can not say just the time; perhaps a year or so.
- Q. When you were perhaps 19 years old?—A. Yes, sir.
- Q. Did you continue to sign notes on up until you left?—A. No, sir; I do not remember signing more than one or two.
- Q. Do you remember when you signed the last note?—A. I do not, sir.
- Q. You do not remember whether you were 21 years old then or not?—A. I can not say.
- Q. You were not 21 when you began to sign them?—A. I do not think I was.

TESTIMONY OF C. HENRY KNAPP.

C. HENRY KNAPP, being duly sworn, testified as follows:

By the CHAIRMAN:

- Q. Give your home residence and business place.—A. Home residence, 631 Main street, Malden; business, 7 Exchange Place, Boston.
- Q. Were you a clerk for Irving A. Evans & Co.?—A. Yes, sir.
- Q. What is your business now?—A. Brokerage business.
- Q. On your own account?—A. No, sir.
- Q. At work for some one else?—A. Yes, sir.
- Q. What is your age?—A. Twenty-five.
- Q. Did you ever make an accommodation note of \$40,000 for Irving A. Evans & Co., which went into the Maverick Bank?—A. A collateral note; yes, sir. I do not know whether it went into the Maverick Bank or not.
- Q. You did not put it in the Maverick Bank?—A. No, sir.
- Q. You have heard it went into the Maverick Bank?—A. Yes, sir.
- Q. When you made that note were you in any condition to pay it?—A. No, sir.
- Q. Your credit was not equal to any large note?—A. No, sir.
- Q. Give the committee an idea to what extent while a clerk for Ir-

ving A. Evans & Co. you signed accommodation notes for them.—A. I do not exactly understand your question.

Q. To what extent did you sign notes for Irving A. Evans & Co.?—I only signed one that I know of. That was about six months before the firm failed.

Q. You understand that is the note I am inquiring about?—A. Yes, sir.

Q. You mean to say that was the only transaction of that kind that you have accommodated them by?—A. Yes, sir.

Q. Who asked you to do this?—A. Mr. Bliss.

Q. A member of the firm?—A. Yes, sir.

Q. Did you object to doing it?—A. No, sir.

Q. Why did you not object?—A. Because I supposed everything was all right.

Q. Did you have any understanding as to what use should be made of the note?—A. No, sir.

Q. Did you sign it in blank or was it filled up?—A. I think it was filled out.

Q. For as large a sum as \$40,000?—A. I think it was.

Q. Did you make any objection to signing that note?—A. No, sir.

Q. Why did you not?—A. Because I supposed it was a collateral note.

Q. You had that understanding with them, that it was to be a collateral note?—A. Yes, sir.

Q. Should you have felt at liberty to decline to sign that note?—A. I do not know whether I should or not.

TESTIMONY OF C. G. LENFEST.

C. G. LENFEST, being duly sworn, testified as follows:

By the CHAIRMAN:

Q. Give your home residence and business place.—A. 153 Congress street; home residence, 153 Congress avenue, Chelsea.

Q. What is your business?—A. Brokerage business—banking and brokerage.

Q. State your age.—A. Twenty-four now.

Q. Were you employed by Irving A. Evans & Co.?—A. Yes, sir.

Q. Did you while so employed make any accommodation notes for the firm?—A. Yes, sir.

Q. State how many.—A. I can not tell you. I made them off and on at different times, always secured by collateral.

Q. You were in the habit of doing it whenever they requested it?—A. Yes, sir.

Q. Was there any understanding to that effect when you took employment there?—A. No, sir.

Q. The practice grew up after you took employment, and was not arranged beforehand?—A. No, sir.

Q. During how many years did you make such notes?—A. I can not say. I have been there eight years. I should say it began perhaps four or five years after I had been there.

Q. Did you ever sign such notes before you were 21 years of age?—A. I think so.

Q. You did?—A. I am sure of it.

Q. Did you sign the \$34,000 note that went into the Maverick Bank?—A. I believe I did; I am pretty sure I did.

Q. You had not sufficient financial responsibility to back up such a note, had you?—A. No, sir.

Q. Did you ever sign any notes in blank form?—A. No, sir; I do not think so.

Q. You do not think you ever did?—A. No, sir.

Q. Do you believe that all the notes you signed were filled up with the amount before you signed them?—A. That is my impression; yes, sir.

TESTIMONY OF CLARENCE V. GOLDTHWAITE.

CLARENCE V. GOLDTHWAITE, being duly sworn, testified as follows:

By the CHAIRMAN:

Q. What is your first name?—A. Clarence.

Q. State your home residence and business place.—A. Wellesley, Mass., and 46 Congress street, Boston.

Q. Give the number and street in Wellesley.—A. There is no number to the street.

Q. What is the name of the locality in Wellesley?—A. On Blossom street.

Q. What is your age?—A. Nineteen.

Q. What was your connection with the firm of Irving A. Evans & Co.?—A. Messenger.

Q. How long were you messenger there?—A. Two to three years.

Q. Were you a messenger there when they failed?—A. Yes, sir.

Q. Did you ever make any accommodation notes for the firm?—A. I signed a blank note which I since learned was filled in afterwards.

Q. The note for \$34,000?—A. Thirty-four or thirty-eight thousand.

Q. Which has since been heard of?—A. Yes, sir.

Q. That is the only time you ever signed for them?—A. Yes, sir.

Q. This was the only transaction of this kind?—A. Yes, sir.

Q. Who asked you to do this?—A. Mr. Bliss.

Q. What took place when he asked you?—A. I kind of hesitated about signing it. He gave me to understand it would be all right, that I would be fully protected.

Q. Did he say anything about collateral?—A. Nothing.

Q. Did he give anything in explanation of the transaction?—A. Not at all.

Q. Did he tell you it was a promissory note that he wanted you to lend the firm?—A. No, sir; he just asked me to sign the paper. It was made out in note form, but not filled in.

Q. You could see it was a blank note?—A. I could see that it was a blank note.

Q. Not filled in?—A. Not filled in.

Q. How much he was to fill it in for you did not know?—A. I did not know.

Q. He had no understanding with you about it?—A. No, sir.

Q. Did he ever pay you anything for doing that?—A. No, sir.

Q. Have you any objections to stating what pay you were receiving from the firm at that time?—A. I can not tell.

Q. The note was made in 1891. What did you get when you first went to work for them?—A. Four dollars.

Q. What was the highest pay you received?—A. Eight dollars.

Q. Eight dollars a week?—A. Yes, sir.

Q. Had you parents living at the time you signed this note?—A. A mother.

Q. No father?—A. No, sir.

Q. Did you tell your mother you had signed this note?—A. No, sir.

Q. You never told her?—A. No, sir.

Q. When did she first know it?—A. She did not know anything about it until she saw it in the papers.

Q. Was there anything said about it either by her to you or you to her?—A. I do not think there was any talk about it; I do not think she ever noticed it.

Q. You do not think she ever knew it?—A. No, sir.

Q. She never punished you for signing it?—A. Not at all.

Q. Did she ever punish anybody else for making you sign it?—A. Not that I know of.

TESTIMONY OF H. F. WOODS.

H. F. WOODS, being duly sworn, testified as follows:

By the CHAIRMAN:

Q. State your residence, if you please.—A. My last legal residence was in Somerville. I am going to take residence in Boston.

Q. Where could you be found hereafter?—A. I could not tell. My place of business is 81 Milk street, at the present time. I have not decided where I shall reside.

Q. What is your business now?—A. Purchasing agent for the West End Street Railway.

Q. Had your business been that of a banker up to the time you became purchasing agent?—A. I never was a banker, further than a director in a bank.

Q. A director in the Maverick National Bank?—A. Yes, sir.

Q. You were a director in the Maverick Bank from the time it became a national bank?—A. No, sir.

Q. When did you become a director?—A. It is about 22 years since I became a director there.

Q. Have the bank reports during this whole period been signed by you as correct and true?—A. I have signed some of them—that is, the statements to the Comptroller.

Q. Of which there are five in a year required to be made?—A. Yes, sir.

Q. Is not your name to be found upon nearly all of them?—A. I could not say. I presume I have signed half or more; I could not say as to that.

Q. Have you been a borrower at the bank?—A. I have at times.

Q. Have you during all this time?—A. As merchant and otherwise I have most of the time.

Q. Have you been a borrower on your own account?—A. Yes, sir.

Q. More or less during this whole period?—A. No, sir; not most of the whole period.

Q. Have you made loans exceeding \$40,000?—A. I do not think I have.

Q. You are of the impression that your loans have not exceeded the \$40,000 limit?—A. I should say not.

By Senator CARLISLE:

Q. At any one time?—A. Yes, sir; that is how I understood the question.

By the CHAIRMAN.

Q. As a maker of notes?—A. No, sir.

Q. Have you signed accommodation notes that have been discounted at the bank?—A. No, sir.

Q. All your transactions have been business transactions on your own account?—A. Yes, sir; and of the firm of which I was a member.

Q. What was the firm?—A. Hathway & Woods.

Q. What was the business of the firm?—A. General commission business in flour, grain, and produce.

Q. Was this the bank of which you obtained such discounts as you needed for the purpose of carrying on the business of your firm?—A. That and other banks.

Q. You may look at the testimony taken by this committee on page 96 and explain the loans one by one.—A. Yes, sir; those loans are made by me I presume. I have no question that they were. They are all paid however.

Q. The note for \$1,500, January 16, 1890, is paid, is it?—A. Yes, sir.

Q. In September, 1890, it was reported at the time of the suspension of the bank there was a balance of \$2,000 on twenty shares Swift & Co. stock. Has that been paid?—A. Yes, sir.

Q. The next one, five hundred shares Summit Branch Railroad Company for a note of \$6,000. Has that been paid?—A. Yes, sir.

Q. The next one is March 2, 1887, \$1,000, on thirteen shares West End Street Railway Company, preferred. Has it been paid?—A. Yes, sir.

Q. January 27, 1887, \$1,000 on two hundred and forty shares Eastman Freight-Car Heater Company?—A. It has been paid.

Q. H. F. Woods, forty-five shares Boston Live Stock Company, \$2,000?—A. It has been paid.

Q. H. F. Woods, trustee, guaranteed by A. P. Potter, December 5, 1890, \$31,000?—A. That, if I can explain it—

Q. Has that been paid?—A. No, sir; not all of it.

Q. Your first answer was that they had all been paid?—A. All my personal notes.

Q. I thought you said there were none but your personal notes in the bank?—A. I did not think of this at the moment.

Q. That slipped your memory?—A. Yes, sir. This was a note given to settle an account, or memorandum note. I signed it as trustee, although I had no personal interest in it in any way. It was the indebtedness of one Raymond, and a large amount of real estate was put into my hands to liquidate that indebtedness. Of this \$31,000 some two or three thousand dollars is on deposit in the bank in my name as trustee to offset it, and furthermore there is land and securities and cash which I hold in trust to further liquidate this claim.

Q. You expect that the collateral will pay?—A. I do not think the collateral will pay it out.

Q. Do you think that the collateral and the proportion of the general collateral of Asa P. Potter which belongs to that note will pay it all?—A. I can not say.

Q. This note, although an accommodation note of Mr. Potter, was signed by you as trustee?—A. Yes, sir. It was a matter for which Mr. Raymond was responsible to the bank as well as Mr. Potter.

Q. You do not call that an accommodation note?—A. No, sir.

Q. Because you signed as trustee?—A. No, sir; it was merely to carry out the liquidation of this real estate which was placed in my hands; originally nearly \$100,000 worth.

Q. I will ask you then whether you owe that note to this bank?—A. I do not personally.

Q. How do you owe it?—A. As trustee of this property.

Q. Do you understand that you are liable except as trustee?—A. No, sir; I do not.

Q. With that exception, which was not an accommodation transaction,—A. It was merely assistance to the bank.

Q. None of your notes were in the bank as accommodation notes?—A. No, sir.

Q. You have been an active director in this bank all these years?—A. Pretty active till I went out of business some six years ago. Then I saw less of the mercantile people than I did formerly.

Q. And took less part in the affairs of the bank?—A. Yes, sir.

Q. Do you consider yourself as responsible for the affairs of the bank for the last five years previous to that time?—A. No, sir; I do not.

Q. What investigation did you use to make before you certified that these five annual returns were correct?—A. I merely looked them over, which is all that is done as a general thing by bank directors. I always asked Mr. Magruder, when he got through an examination, how the bank was.

Q. Do you concur with Mr. Potter in his opinion that the Maverick Bank, so far as its loans and its methods were concerned, was conducted like all the other banks in Boston, or that all the other banks in Boston were conducted like the Maverick?—A. Perhaps the other banks did not loan such amounts to the directors or any one else.

Q. There was an exception then, in your opinion, to the methods of the Maverick National Bank?—A. I think that the other banks were not conducted in just that way; that is, to make such large loans to its directors.

Q. Not such large loans?—A. No, sir.

Q. But do you say that the other banks in Boston have been in the habit of making such loans in character, upon the names of clerks in banks and clerks in brokers' offices and clerks in business houses?—A. I could not answer that, because I do not know how they do their business. I will say this, however, that my firm used to be asked, in order to make two names, when we were borrowing money, to make a clerk sign—by the other banks, not by the Maverick.

Q. Other banks have requested you to furnish the signature of a clerk in order to secure an additional name?—A. Yes, sir; all the notes of the firm of which I was a member have been paid, and promptly paid, at maturity.

Q. Do you think the practice of having minors sign notes is general in Boston?—A. I should think it was not done, sir, although a minor might sign a note just as well as anybody, where it was requested by a bank. The bank would say "we must have two names; if you will get some other name we will discount the paper."

Q. You do not see any reason why the other banks should not do that as well as the Maverick?—A. They have done it. My firm was a responsible firm.

Q. I am speaking now about minors.—A. I can not say as to minors.

By Senator CARLISLE:

Q. Do you know whether it is the custom of national banks in Boston to discount notes signed by only one person, who is known to be irresponsible at the time, but secured by collaterals or the guaranty of some person who is supposed to be responsible—A. I am not aware of that fact, because I do not know what the other banks do.

Q. Have you had any actual experience of that sort?—A. No, sir; I never have.

Q. In the cases you have spoken of, when they required two names, they have asked for your own firm name and that of some other individual, no matter who he might be; that would be sufficient?—A. Yes, sir.

By the CHAIRMAN:

Q. Did you ever know fictitious names used as makers or indorsers of notes?—A. I never have heard of them. I have only heard of them through the newspapers or gossip on the street.

Q. You have no knowledge of that as a practice in the Maverick Bank or any other?—A. No, sir.

Q. You do not aver that as a practice of the Boston banks?—A. No, sir.

TESTIMONY OF CHARLES F. KELLOGG.

CHARLES F. KELLOGG, being duly sworn, testified as follows:

By the CHAIRMAN:

Q. State your residence and business place.—A. Walnut street, Newton Highlands. My business address is 5 Tremont street, Boston.

Q. What is your present business?—A. I am just now auditing the accounts of the Bay State League, one of these endowment orders.

Q. What has been your employment, generally, since the failure of the Maverick Bank?—A. I have been with the assignees of Mr. Asa Potter, incidentally and until about the 1st of January, when I have been since with this order.

Q. What is your age?—A. Forty-four.

Q. What brothers have you?—A. One, Henry, jr.

Q. Henry Kellogg, jr.?—A. Yes, sir.

Q. What is your father's name?—A. Henry; simply Henry.

Q. A note in the Maverick Bank with the name of Henry Kellogg and Henry Kellogg, jr., would presumably be your father and your brother?—A. Yes, sir.

Q. I want to ask you at this time, Mr. Kellogg, only about the accommodation notes which you have given which have found their way into the Maverick National Bank. Did you make accommodation notes which were so used?—A. I have; yes, sir.

Q. To what extent have you been in the habit of doing that?—A. I can not say as to that. It has varied in amount. To-day there is only one loan in the Maverick Bank, which has collateral with it.

Q. At the time of the failure there was only one?—A. At the time of the failure there was only one.

Q. Is that half unpaid at present?—A. Yes, sir.

Q. It is dated April 4, 1887, \$39,631.25, to the Maverick National Bank, collateral one thousand shares West End Land Company, with interest at 5 per cent, with interest indorsement, and also October 31, 1891, received \$14,741.62. Was that note signed by you?—A. Yes, sir.

Q. What does that indorsement on the back come from?—A. That I can not say. It came from some payment made.

Q. Did it come from the collateral—from the special collateral with this note?—A. That collateral has been increased from this amount.

Q. That note has remained there from 1887 down to this time?—A. Yes, sir; it appears so.

Q. Now, tax your memory as to where the money that constituted that payment came from?—A. It did not come from this certain collateral.

Q. What did it come from?—A. I can not say what it came from.

Q. It was made the day the bank failed?—A. Yes, sir; October 31.

Q. When did you first know it was made?—A. I knew it was made then.

Q. Is it made in your handwriting?—A. No, sir.

Q. In whose handwriting is it?—A. I think that is Mr. Smith's.

Q. Who is he?—A. The discount clerk of the bank.

Q. What was his full name?—A. Frank Smith.

Q. At the time the bank failed that was the only liability of yours to the bank?—A. Yes, sir.

Q. Do you know how large your indebtedness on accommodation paper had been at any time?—A. I do not recall.

Q. Was it a part of your business to make accommodation notes for Mr. Potter?—A. I made them at his request.

Q. How many years back?—A. I was with him in the bank for some fourteen years.

Q. Have you been in the habit during all that time of accommodating him with notes?—A. Yes, sir; at various times.

Q. Have you ever signed any notes in blank?—A. No, sir; not to my knowledge.

Q. Have any notes been kept in the bank signed in blank?—A. No.

Q. No accommodation notes have been kept in the bank signed in blank to your knowledge?—Not to my knowledge.

Q. Your personal responsibility was not equal to any of these large notes at any time?—A. No, sir.

Q. You are not able to pay the balance on this note?—A. I would suppose there was ample collateral with it to pay it.

Q. Do you know what specific collateral there is in the bank to pay that note?—A. I suppose that West End land stock is there. Beyond that I do not know.

Q. You suppose that is there?—A. I suppose so. Beyond that I do not know.

At 1 o'clock p. m. the committee took a recess until 2 o'clock. At the expiration of the recess the committee resumed its session.

TESTIMONY OF GEORGE E. HOSLER.

GEORGE E. HOSLER, being duly sworn, testified as follows:

By the CHAIRMAN:

Q. What is your residence?—A. 61 Phillips street.

Q. Boston?—A. Boston.

Q. What is your business?—A. I am a porter with Samuel Hatch & Co., auctioneers; a servant, janitor.

Q. How long have you been with them?—A. I guess about two months, sir.

Q. Have you ever been in any other business than that of porter?—A. Yes, sir; I used to be janitor for Hilliard, Hyde & Dickinson for fifteen years.

Q. Where?—A. No. 14 Pemberton Square.

Q. Mr. Henry D. Hyde?—A. Yes, sir; and Mr. Hilliard, now deceased.

Q. Mr. Hilliard was an acquaintance of yours?—A. I worked for him.

Q. Have you ever been in any other business in Boston?—A. Yes, sir; I have been in the florist business; worked for Welch Brothers and John Gormly & Son.

Q. Who is A. J. Hosler?—A. My son.

Q. A son of yours?—A. Yes, sir.

Q. How old is he?—A. I think he is 22 or 23.

Q. How long have you lived in Boston?—A. A little over forty years.

Q. Are you a man of large estate?—A. I can not say that I am, sir; I am a poor man.

Q. Have you some means?—A. I have only what I work for from time to time.

Q. You have a home, I think?—A. No, sir; I live with my cousin. I have no home.

Q. Do you own any real estate or personal property?—A. I do not.

Q. Did you sign a note dated October 1, 1884, for \$40,000 to accommodate Col. Jonas H. French?—A. No, sir. I signed a note for Mr. Henry D. Hyde; I think it was for \$10,000, in 1884, and I was reluctant to do it.

Q. What took place when you signed it?—A. They were, I think, getting up the West End Land Company, out from the Boston Water Power. I worked for Mr. Hyde; and he came to me. I remember it now, after searching over some papers. He came to me and asked me to sign this note, and I did not want to do it. He said I should be held perfectly harmless; it was only a matter of form.

Q. Was he interested in the West End Land Company?—A. I think he was, in Pemberton Square.

Q. And he said he needed your assistance?—A. He did not say he needed it; he only asked me to sign it.

Q. A \$10,000 note?—A. I thought a great deal about the matter, and I signed it.

Q. That was paid?—A. I do not know.

Q. Do you know what became of it?—A. I never heard of it again after that month or so.

Q. Did you sign a note for \$40,000 for anybody?—A. No, sir.

Q. I will read the note:

\$40,000.

BOSTON, Oct. 1st, 1884.

On demand after date I promise to pay to the order of myself forty thousand dollars, payable at any bank in Boston, with interest at five per cent. Value received.

GEORGE E. HOSLER.

And indorsed on the back, "George E. Hosler," with various \$1,000, \$500, and \$600 indorsements and an indorsement of \$2,000 and \$1,600. Will you be kind enough to look at that note and see if it is your signature at the bottom of it?—A. (Examining note.) That looks like my signature, but it is not the note I signed.

Q. You did not sign that note?—A. No, sir; not for \$40,000.

Q. Did you sign that piece of paper?—A. I may have; yes, sir.

Q. Did you sign a piece of paper that size in blank?—A. I did; for Mr. Hyde.

Q. For whom?—A. For Mr. Hyde.

Q. Was that about October 1, 1884?—A. About that time.

Q. About that time you signed a blank note of that kind for Mr. Henry D. Hyde. What took place?—A. He brought it out. I was reluctant about signing it.

Q. Had you signed the \$10,000 note before that time?—A. No, sir; that was the time.

Q. This is the \$10,000 note?—A. That is the \$10,000 note.

Q. Reading \$40,000. I see what your idea is.—A. I did not want to sign it, because the figures were so large.

Q. You did not want to sign it for \$10,000.—A. I was reluctant to sign it.

Q. For \$10,000?—A. Yes, sir. He said I would be held perfectly harmless.

Q. What did he say about \$10,000?—A. He said it was only a matter of form.

Q. Did he say the note should be filled up for \$10,000?—A. No, sir; he did not say anything about it.

Q. Was it in blank, or was there writing on it?—A. I think there was writing on it.

Q. You read it at the time?—A. No, sir; I did not.

Q. You can read?—A. Yes, sir.

Q. Could you read at the time?—A. I could.

Q. Do you not know whether when you put your name there you saw \$40,000 or not?—A. No, sir; I saw \$10,000.

Q. You saw \$10,000? You think \$10,000 was written in the note?—A. I do, sir.

Q. You do not think you signed that note with \$40,000 written in?—A. No, sir.

Q. Study that carefully and see whether you did not sign it just as it is on the face of it?—A. (After a pause.) No, sir.

Q. When did you first know that it was claimed that you signed a \$40,000 note?—A. On the 6th of July, I think it was, from the Globe and the Record. Mr. Hatch had sent me down to his place at Cohasset to cut some grass.

Q. Who sent you?—A. Mr. Edward Hatch, the auctioneer; the man I work for. When I came back the office was in a hurrah. Mr. Tent said, "I want \$10,000."

Q. Who said this?—A. Mr. Tent; he is one of the partners.

Q. One of the partners in the firm?—A. He is one of the partners in the firm of Samuel Hatch & Co. I said, "What for?" Says he, "Look here," and I looked at it.

Q. What did he show you?—A. This Record, column and a half, that father and son had got \$40,000 out of the Maverick Bank.

Q. That was just this summer?—A. The 6th of July. I came back in the afternoon.

Q. You never have been before the grand jury?—A. No, sir.

Q. You did not know that you had signed a \$40,000 note until this Record came out?—A. No, sir.

Q. State what he said to you?—A. That was all. We had a laugh, and I got mad right off and cleared out.

Q. Why did you get angry?—A. Because all hands were guying me and I did not like it.

Q. Did they ask you to extend your credit to them?—A. Yes, sir.

Q. Or make notes for them?—A. Oh, yes. Mr. Tent said he wanted to borrow a hundred and Mr. Hatch said—

Q. Did you sign any notes for them?—A. No, sir; I am not signing notes.

Q. You did not enter into the financial business of Hatch & Co. at that time?—A. No, sir; we have a clerk who does that.

Q. When did you first know that your son Albert J. had signed a note of \$49,241.76, which had been guaranteed by Mr. Hyde and had gone into the bank?—A. I never knew it, and I do not know it now, because I have never seen it.

Q. Have you seen it stated in the newspapers?—A. I have.

Q. Did you ever hear of it before?—A. No, sir; not before this thing came out.

Q. How old did you say Albert was?—A. He is 23.

Q. Is he a member of your family?—A. He is my son.

Q. Does he live with you? Where does he live?—A. With me.

Q. What does he do?—A. Janitor for Hyde, Dickinson & Howe.

Q. Janitor for this same law firm?—A. Yes, sir.

Q. He appears July 7, 1890, to have signed a note of \$49,241.76, guaranteed by Mr. Hyde and secured by second mortgages of Thomas M. Stevens. Do you know anything about that transaction?—A. No, sir.

Q. Did Albert report to you that he had gone into this same business?—A. No, sir; he does not tell me anything at all—none of his business.

Q. He never reported to you that he had made a note for Mr. Hyde for \$49,241.76?—A. No, sir. I never knew anything about it until I saw it in the Record.

Q. Is Albert able to pay that note?—A. I really can not say.

Q. What is your impression?—A. I do not know. He has to work for his living, and I do not see how he can get the \$49,000 to pay it.

Q. Is this the only large note of this kind with which your name has been connected?—A. Yes, sir.

Q. Did you receive any compensation for signing it?—A. No, sir; not a penny; I think I ought to have some.

Q. You have never presented any claim for any?—A. No, sir.

Q. Do you know this real estate that is mortgaged by Thomas M. Stevens to secure your son's note for \$49,241.76?—A. I do not know it and I do not know Mr. Stevens.

At 3 o'clock p. m. the committee adjourned until to-morrow, Friday, August 19, 1892, at 11 o'clock a. m.

BOSTON, MASS., *August 19, 1892.*

The committee met at 11 o'clock a. m., pursuant to adjournment.

Present: Senators Chandler (chairman), Dixon, and Peffer.

STATEMENT OF JOHN MURRAY MARSHALL.

The CHAIRMAN. We do not desire to swear you. Will you be kind enough to give your full name?

Mr. MARSHALL. John Murray Marshall.

The CHAIRMAN. You are assistant district attorney, under Mr. Allen?

Mr. MARSHALL. Yes, sir.

The CHAIRMAN. Where is Mr. Allen?

Mr. MARSHALL. He is in the mountains somewhere; I do not know where.

The CHAIRMAN. He has gone off on his vacation?

Mr. MARSHALL. He has gone away.

The CHAIRMAN. Is there any other assistant in the office?

Mr. MARSHALL. None but myself at present.

The CHAIRMAN. Is there another assistant?

Mr. MARSHALL. Mr. Wyman; he is in Europe.

The CHAIRMAN. Give his full name?

Mr. MARSHALL. Henry A. Wyman.

The CHAIRMAN. When will he be at home?

Mr. MARSHALL. He will probably return in about ten days.

The CHAIRMAN. What is your condition of health?

Mr. MARSHALL. Very poor at present.

The CHAIRMAN. You were about going away on a vacation?

Mr. MARSHALL. I expected to go yesterday.

The CHAIRMAN. You remained at my request?

Mr. MARSHALL. Yes, sir.

The CHAIRMAN. Have you taken any active part which would give you any knowledge of the details of the proceedings of the district attorney's office in connection with the Maverick Bank?

Mr. MARSHALL. No, sir; with these particular cases I have had practically nothing to do.

The CHAIRMAN. Your knowledge is of a general character?

Mr. MARSHALL. Purely.

The CHAIRMAN. You may state in a general way as you have known it what the legal proceedings have been that have become public.

Mr. MARSHALL. Beginning with the arrest of the defendants?

The CHAIRMAN. In a general way; yes, sir. What has been done by the district attorney's office.

Mr. MARSHALL. I will say that I can only give you impressions, sir, because, as I say, I have had nothing special to do with the cases.

The CHAIRMAN. Give a general narration as to the course of proceedings in the district attorney's office.

Mr. MARSHALL. Immediately after the failure of the bank, after it was put into the hands of Mr. Ewer, Mr. Potter, Mr. French, and Mr. Dana were arrested and put under bail. That was in December, if my memory is right. The evidence against them was presented to the grand jury in February, I believe.

The CHAIRMAN. Were there any examinations before the preliminary examinations in the cases at which testimony was taken concerning the offenses charged?

Mr. MARSHALL. That I can not say. I have an impression that in one of the cases there was a preliminary examination and in the others they waived the examination. There was no lengthy hearing, at any rate.

The CHAIRMAN. There has been no public development of the facts in the cases.

Mr. MARSHALL. I think not. In February the whole evidence was presented to the grand jury, occupying about three weeks, perhaps a little more, of constant hearings.

The indictments were returned on the last day of the December term, which was about the 8th of March last. The defendants were put under new bail on those indictments. If I remember rightly there were nine indictments against Mr. Potter, six against Mr. French, and four against Mr. Dana, with a large number of counts in each. I believe the whole number of counts against Mr. Potter was 188, and they included quite a diversity of charges, false entries in the books, false entries in reports to the Comptroller, misapplication of funds, false certification of checks. I think there was an indictment also for misapplying the funds of the bank.

The CHAIRMAN. Continue the narration as you are stating it.

Mr. MARSHALL. The three defendants were put under bail at that

time, but were not arraigned. The defendants then filed demurrers and motions to quash the indictments, and those were heard before Judge Nelson in the district court some time, I should say in May, perhaps, and Judge Nelson quashed all the indictments.

Senator PEPPER. In the cases of these three persons?

Mr. MARSHALL. All the indictments found.

The CHAIRMAN. Give the date as near as you can.

Mr. MARSHALL. My impression is it was about the middle of May. There is a written opinion on file in the Clerk's office by Judge Nelson, which is, of course, dated.

The CHAIRMAN. That left the situation clear again?

Mr. MARSHALL. That undid all that had been done. The defendants were then released from their bail by operation of law.

The CHAIRMAN. They were released as a matter of law?

Mr. MARSHALL. They were released by operation of law.

The CHAIRMAN. State what has happened since that time in the way of the administration or attempted administration of justice in connection with the **Maverick Bank**.

Mr. MARSHALL. Since then the evidence has been presented—I do not know whether the whole or not, but a part at least of the evidence has been presented to the circuit court grand jury. These other indictments were found in the district court, of which Judge Nelson is the judge in this district.

The CHAIRMAN. Is it supposed that the two courts have concurrent jurisdiction in cases of this sort?

Mr. MARSHALL. Undoubtedly.

The CHAIRMAN. That is understood?

Mr. MARSHALL. Undoubtedly they do. The May term of the circuit court was the next term coming in, and it is the custom, in fact it is the evident purpose of the law, that cases shall be taken up in the first term which has jurisdiction of them, whether it is the district or circuit court.

These cases were taken up in the May term of the circuit court. The evidence was presented in June, I should say, after the evidence in our regular line of cases had been taken; in fact, while I was going on with the trials there. This was made a special thing, and indictments based upon the evidence then taken were returned into the circuit court last Tuesday, this week.

The CHAIRMAN. What day of the month?

Mr. MARSHALL. That was the 16th, I believe?

The CHAIRMAN. August 16, 1892.

Mr. MARSHALL. Those indictments were very much fewer in number.

Senator DIXON. Were they against the same defendants?

Mr. MARSHALL. They were against the same defendants, Mr. Potter, Mr. French, and Mr. Dana.

The CHAIRMAN. Give the statistics if you can.

Mr. MARSHALL. It is my impression that the charges that were made in those indictments, taking first the indictment against Mr. Potter—I think there were 88 counts—

The CHAIRMAN. In how many indictments.

Mr. MARSHALL. And it applied to false entries in reports to the Comptroller, false entries in the books of the bank, and to a very large number of false certifications of checks, as alleged, of Irving A. Evans & Co., amounting to in the neighborhood of \$150,000, I think. The indictments against Mr. French did not apply to the certification of checks, nor did those against Mr. Dana. But in both of these cases

I think the indictments charged simply false reports to the Comptroller of the Currency. Mr. Potter has given bail on the indictments against him.

The CHAIRMAN. Did you state how many there were?

Mr. MARSHALL. I think there are two against Mr. Potter and one against Mr. French and one against Mr. Dana. Mr. Potter was held by his honor Mr. Justice Putnam in \$10,000 bail in one and \$20,000 bail in the other case. Mr. French is held in \$10,000 bail; and Mr. Dana I do not think has come in yet. By agreement with his counsel—

The CHAIRMAN. It has been postponed.

Mr. MARSHALL. Yes, sir.

The CHAIRMAN. State as to the term of the court which has just been held. Is that term continuing, or has it adjourned *sine die*. What is the legal and judicial situation?

Mr. MARSHALL. A term is constituted by statute, beginning the 15th day of May and ending the 15th of October. Then a new term of the circuit court begins the 15th of October and lasts until the 15th of May.

The CHAIRMAN. So that practically there is a continuous term of the circuit court from now until May, 1893.

Mr. MARSHALL. This present term exists only until the 15th of October.

The CHAIRMAN. Then there is a new term?

Mr. MARSHALL. Then there is a new term of the circuit court. The district court has four terms.

The CHAIRMAN. Which makes the circuit court in session from now to May 15?

Mr. MARSHALL. It is in session always, and so is the district court.

The CHAIRMAN. A new term will intervene?

Mr. MARSHALL. The 15th of October.

The CHAIRMAN. And that term will end and a new term commence May 15?

Mr. MARSHALL. Of course the coming in of a new term does not affect the standing of any cases in the court.

The CHAIRMAN. Is it publicly known whether the grand jury has been dismissed or not?

Mr. MARSHALL. I do not know what the public knows, but I do not.

The CHAIRMAN. You do not know whether it is still in session? You frequently find the public knows more than you do about the affairs of the office, do you not?

Mr. MARSHALL. Sometimes it occurs that way. The life of the grand jury, Mr. Chairman, lasts all through the term. It may be excused and not come together again unless sent for especially, but its life lasts until the 15th of October.

Senator DIXON. The court dismisses it, subject to the call of the marshal?

Mr. MARSHALL. Yes, sir; that is it.

The CHAIRMAN. That grand jury is not *functus officio*?

Mr. MARSHALL. No, sir.

The CHAIRMAN. Mr. Marshall, who will be in charge of the office of the district attorney during the absence of Mr. Allen and yourself, and pending the arrival of Mr. Wyman?

Mr. MARSHALL. Mr. Chamberlin, the clerk, will be in charge for a week.

The CHAIRMAN. Give his full name.

Mr. MARSHALL. F. C. Chamberlin.

The CHAIRMAN. Is he under your direction?

Mr. MARSHALL. Yes, sir.

The CHAIRMAN. Will you be kind enough to direct him to give this committee access to such of the papers and records in the district attorney's office as he may think it would do no harm to have this committee see?

Mr. MARSHALL. Yes, sir; I will.

TESTIMONY OF THOMAS P. BEAL.

THOMAS P. BEAL, being duly sworn, testified as follows:

By the CHAIRMAN:

Q. You are the receiver of the Maverick Bank?—A. I am.

Q. And president of the Second National Bank?—A. President of the Second National Bank.

Q. Where is your residence?—A. 36 Gloucester street, Boston, in winter.

Q. Were you the chairman of the clearing-house committee when the Maverick Bank failed?—A. I was.

Q. When did you, as such chairman, make the first communication to the Comptroller of the Currency with reference to the Maverick Bank?—A. Under date October 24, 1891.

Q. Was that oral or in writing?—A. In writing.

Q. Have you a copy of the communication?—A. Yes, sir.

Q. Be kind enough to read it and let us put it in the testimony.—A. I do not think the Maverick Bank is referred to here by name, but it was practically in regard to that bank.

Q. It had reference to that bank?—A. Yes, sir.

[Private and confidential.]

OCTOBER 24, 1891.

Hon. E. S. LACEY,

Comptroller of the Currency, Washington, D. C.:

SIR: A member of the Clearing-House Association of the Banks of Boston has refused the certified check of another member.

While his action may be wholly unwarranted, the clearing-house committee, in view of the significance and importance of the fact, deem it their duty to make some investigation.

As a preliminary step, and one which may relieve them from the duty of any further action, will you instruct your examiner in this city, by wire, to submit to the clearing-house committee copies of all reports made by him to you during the last ninety days.

Respectfully,

THOMAS P. BEAL,
Chairman Clearing-House Committee.

Q. When you made that communication you had reference to the Maverick Bank?—A. It did.

Q. What was the transaction that you allude to in the first paragraph of the letter?—A. That is, we understood that one of the banks of Boston had declined to take the certification of the Maverick Bank on the check of one of the customers of the Maverick National Bank.

Q. Had declined from one of its own customers to take a check drawn on the Maverick?—A. Had declined to take from a brokerage house the certification of the Maverick Bank, paying it to them for a loan.

- Q. And certified by the Maverick National Bank?—A. Yes, sir.
- Q. It was, of course, an unquestionable obligation of the bank?—A. Yes, sir.
- Q. Being so certified?—A. Yes, sir.
- Q. There was an implication upon the credit of the Maverick National Bank necessarily, was it not, in the course of business?—A. In our judgment it was.
- Q. Have you any objection to stating what bank it was that refused to take this check?—A. The Winthrop National Bank.
- Q. How large a check was it?—A. I do not know.
- Q. Did you know at the time?—A. No. My impression was it was about \$10,000. It is only an impression.
- Q. It was not far from that sum?—A. That is my impression. I never saw the check, and did not know the amount.
- Q. It was not a petty amount; it was a substantially large amount?—A. A substantial, large amount.
- Q. Who were the officers of the bank who refused to take this check?—A. W. R. Evans is the president.
- Q. Wilmot R. Evans, president of the bank?—A. Yes, sir.
- Q. A brother of Mr. Irving A. Evans?—A. Yes, sir.
- Q. Did he have any connection with the firm of Irving A. Evans & Co.?—A. None to my knowledge.
- Q. It never has been understood or suggested that he had any personal interest in the firm of Evans & Co.?—A. I never knew that he had.
- Q. What took place in response to this letter?—A. The Comptroller authorized his examiner in this city to furnish us with such reports as we might wish, and we asked for the last report to the Department of the condition of the Maverick National Bank of Boston.
- Q. He gave you authority to see the reports of all the banks in Boston?—A. Copies of all reports of banks made to him during the ninety days last preceding the date of our letter.
- Q. But you only called for the reports of the Maverick National Bank. Did you call for the reports or any reports of any other banks?—A. No, sir.
- Q. How many reports were furnished to you?—A. The report of August 18, 1891.
- Q. Before you wrote this note of October 24, had you any knowledge of anything wrong or anything contrary to law or of the rules of correct banking in the case of the Maverick Bank?—A. No.
- Q. You had no knowledge?—A. I had no knowledge of anything wrong.
- Q. Had the Maverick Bank maintained its credit in all respects at the clearing-house?—A. Yes; in fact, the Maverick Bank, my impression is, gained by going to the clearing-house every day. They had been lenders instead of borrowers.
- Q. During a short period?—A. During a short period.
- Q. A period prior to this letter?—A. A period prior to October, 1891.
- Q. And settled its balances like other banks?—A. And settled its balances like other banks.
- Q. What did you do after you examined the report of which you speak, examiner's report of condition of the Maverick Bank, August 18, 1891?

Senator PEPPER. On what page?

The CHAIRMAN. On page 50 of the testimony in this case. What

did you do? When I say "you" I mean what were you doing as representing the clearing-house committee; what did you do as chairman upon receiving that report?—A. I should like to say that the action of the clearing-house committee is unanimous in all cases, and I simply happened to represent them as chairman.

Q. What did the committee do?—A. I think one of the first things they did was to call and ask Mr. Potter to confer with them.

Q. About what date was that?—A. That was the week following. October 24 was on Saturday. It was the days of the following week.

Q. You had a conference with Mr. Potter?—A. Yes, sir.

Q. Did you do anything else prior to your letter of October 29 to the Comptroller?—A. October 29 was on Thursday, I think. Certainly, on Thursday, I think possibly on Wednesday, after the conference with Mr. Potter, the clearing-house committee told Mr. Potter that he must protect his exchanges at the clearing-house.

Q. He had not failed to protect them up to that time?—A. No.

Q. And it was not a failure to protect them that led you to ask for access to Mr. Magruder's reports? What then led you to notify him that he must protect his exchanges?—A. From an examination of Mr. Magruder's reports we felt that the bank was in such a condition that it was our duty as the clearing-house committee to protect the clearing-house exchanges at the clearing house.

Q. What else took place before you wrote this letter?—A. I think before we wrote the letter of October 29, practically no action was taken beyond protecting the exchanges at the clearing house.

Q. I suppose the clearing-house committee had conferences with Mr. Hutchins, the counsel, before October 29. Did you confer with your counsel?—A. I do not think we conferred with Mr. Hutchins until we sent for him on the day of October 29, which was Thursday, and stated that we wished him to take that letter on to Mr. Lacey.

Q. And then communicated to him the contents of the letter?—A. And then communicated to him the contents of the letter.

Q. October 29, 1891, you wrote the letter found on page 88 of the testimony taken by this committee, signed by yourself as chairman of the clearing-house committee, and marked "Approved: F. Haven, jr., Moses Williams, Phineas Pierce, A. L. Newman?"—A. Those being the other members of the committee.

Q. You did write the letter?—A. Yes, sir.

Q. Were those all the members of the clearing-house committee?—A. They were at that time.

Q. Was this all the clearing-house committee did before the bank was closed?—A. The only other important action of the clearing-house committee beyond watching the exchanges of the clearing-house and sending this letter to Mr. Lacey was a conference Saturday night in the Sears building, at the request of a friend of Mr. Potter, to see if means and money could not be furnished to prevent the suspension of the bank.

Q. Who was that friend?—A. Henry M. Whitney.

Q. Of the West End Street Railway Company?—A. Yes, sir.

Q. What took place at that conference?—A. Mr. Whitney called in, I think, five other gentlemen—four or five.

Q. Name them, if you please.—A. Isaac T. Burr, T. Jefferson Coolidge, Henry L. Higginson, S. Endicott Peabody.

Q. What took place at that conference?—A. They listened to a statement from the clearing-house committee as to, so far as they knew, the condition of the bank, and after hearing the statements which we

had submitted to them as being from Mr. Magruder's report, they retired to another room and returned and said in their judgment it was not possible to furnish the money to make good the losses of the bank.

Q. As you understood it?—A. As we understood it.

Q. As you understood, Saturday night they came to the conclusion that it would not be possible to obtain the money from any source which would save the bank?—A. Yes, sir.

Q. I see you stated in your letter of October 29 that "Mr. Potter informs the committee that the indebtedness of himself and French shall be paid on Monday next; that Dana will be unable to withdraw his indebtedness in less than sixty days." That statement was made to you by Mr. Potter before you wrote that letter, was it not?—A. Mr. Potter had several conferences with the clearing-house committee, and while I do not remember his making it, I presume he did.

Q. Substantially that statement?—A. Substantially that statement.

Q. This conference on Saturday night was with a view, I suppose, of having arrangements made to carry out those assurances?—A. I understood so.

Q. And they proved a failure, so far as saving the bank was concerned?—A. Yes, sir.

Q. Was Mr. Ewer, the bank examiner, informed of the result of that conference?—A. I do not know.

Q. Have you any doubt that he knew it?—A. He knew it the next morning. At the time of that conference he was engaged in the Maverick Bank.

Q. He knew it either that night or Sunday morning?—A. Yes, sir.

Q. Was anything else done by the clearing-house committee before the bank was closed?—A. No.

Q. You remember nothing else?—A. I can remember nothing else.

Q. Were there any conferences of other parties that you know of?—A. I know of none.

Q. This was the only formal thing done that you are aware of with a view of saving the bank?—A. Yes.

Q. Did the clearing-house committee give any formal advice to Mr. Ewer, in accordance with the letter of Comptroller Lacey to Mr. Ewer, dated October 30, 1891, found on page 89 of the testimony?—A. I do not remember their giving any formal opinion to Mr. Ewer, but Mr. Ewer had been present at their examination of Mr. Magruder's report, and knew the conclusions they had arrived at.

Q. What were those conclusions?—A. The conclusions were from their hasty estimate that the surplus of the bank had gone and that there was a shortage of \$700,000 in the assets of the bank.

Q. The capital was how much?—A. \$400,000.

Q. The surplus how much?—A. About \$800,000.

Q. The surplus profits, how much?—A. I do not remember the surplus profits.

Q. Between \$200,000 and \$300,000?—A. I think not.

Q. Turn to the latest report and see what amount the surplus profits were?—A. It may have been \$130,000; I am not positive about that.

Q. Take their own return of August 18, 1891, or any other return you find there and state the surplus profits. Were they about a quarter of a million dollars?—A. I do not think they were as much as that.

Q. On August 18, 1891, on page 50, according to the examiner's report, there were other undivided profits amounting to \$255,000. I want to know what you spoke of just now when you spoke of surplus profits.—A. I see that statement, \$255,000, and in stating that the bank was

short \$700,000, the shortage applied in excess of capital, surplus, and undivided profits.

Q. I want to know, in making that estimate, what you considered. Then I understand this was only a general opinion?—A. It was only a general opinion.

Q. What do you mean by the other undivided profits? We know the capital of the bank was \$400,000 and the surplus of the bank was \$800,000. How much in addition to that did you include when you estimated that the bank was \$700,000 short beyond these three amounts?—A. It would include those figures and the \$255,000.

Q. Then, in a general way, you thought the \$400,000 capital and the \$800,000 surplus and the \$250,000 had gone, and \$700,000 more?—A. Yes.

Q. You communicated that opinion to Mr. Ewer?—A. Yes.

Q. If your judgment was correct, of course the bank was insolvent?—A. Yes.

Q. The \$700,000 would have to come out of the stockholders or creditors?—A. Yes.

Q. If the bank did not settle any better than you then estimated?—A. Yes.

Q. Do you remember what time you gave Mr. Ewer that opinion?—A. I do not, sir.

Q. Was it before Sunday or on Sunday?—A. I think it was before Sunday; I do not remember.

Q. You did not reduce that opinion to writing?—A. No.

Q. It is not embodied in any writing anywhere?—A. What does our letter say?

Q. I mean in writing outside of this that you see in the record?—A. No, sir.

Q. There is nothing in writing in the record from you except your letter of October 29 to Mr. Lacey. I will ask you explicitly, did the clearing-house committee put anything in writing on this subject at this time other than this letter?—A. No, sir; not to my knowledge.

Q. Was there any formal report made to the Clearing-House Association?—A. No, sir.

Q. And never has been?—A. No, sir.

Q. But you have no doubt that this general opinion as you have now stated it was communicated to Mr. Ewer before he closed the bank?—A. Yes, sir.

Q. Then we are to understand from your statement that the clearing-house committee had no doubt of the wisdom of closing the bank when it was closed?—A. They believed the bank to be insolvent.

Q. If the bank was insolvent it was his duty to close it, was it not, under his instructions?—A. Yes, sir.

Q. Did the clearing house committee take any other steps in reference to this bank, either in the direction of saving it or of closing it, which you have not detailed or which do not appear of record?—A. I know of none.

Q. How long had you been a member of the clearing-house committee?—A. Four years I think.

Q. Who is your father, Mr. Beal?—A. James H. Beal.

Q. What has been his business?—A. He has been connected with banking since 1857, president of the Second National Bank; that is of the Granite Bank, afterwards changed to the Second National Bank, down to his retirement January 1, 1888.

Q. Is he still living?—A. He is still living.

Q. For what period of time was Mr. James H. Beal chairman of the Clearing-House Association?—A. That is the only position he ever held.

Q. Was he ever chairman of the committee?—A. I think not.

Q. The executive business of the association is done by the clearing-house committee?—A. Entirely.

Q. The work of the clearing-house, which this committee has witnessed this morning, is done under the direction of the clearing-house committee, is it not?—A. Yes, sir.

Q. The work of the Clearing-House Association is done under the direction of the clearing-house committee?—A. But practically the clearing-house committee seldom have anything to do with the work you saw this morning.

Q. They have supervision of the work?—A. Yes, sir.

Q. It is done in the name of the association?—A. Yes, sir.

Q. Have you copies of the constitution of the Boston Clearing-House Association.

The WITNESS. Do you refer to this (exhibiting)?

The CHAIRMAN. Yes; state the date.

A. These are the articles under date of Boston July 1, 1891.

Q. Where is the original of this agreement?—A. There are two copies, one held by the manager of the association and the other by the chairman of the clearing-house committee for the time being.

Q. Are they signed?—A. They are both signed by all the banks members of the association.

Q. In what way do the banks sign?—A. As a rule they sign by their presidents.

Q. The signature of yours is "The Second National Bank"—A. "The Second National Bank of Boston, by Thomas P. Beal, president."

Q. When were these articles of agreement revised and changed, last year, 1891?—A. There were a few changes made in July, 1891.

Q. Have you a copy of the prior articles of association?—A. Here it is [exhibiting]. It is the only one I have.

Q. That is it?—A. Yes, sir.

Q. You recognize it?—A. Yes, sir.

Q. What is the date of those articles?—A. These are dated Boston, May, 1888.

Q. From May, 1888, to July, 1891, did they continue as they are in this second pamphlet?—A. I think so.

Q. How long had the articles remained unaltered prior to 1888?—A. I do not know. I should say the changes have been very few at any time.

Q. I want to get at what they were. Does that date merely indicate the date when it was printed or does it indicate a new writing?—A. It indicates the changes made up to that date from the previous copy of the constitution.

Q. Was that done by vote or were new articles drawn up and signed?—A. They were all adopted by vote at a meeting of the clearing-house association.

Q. Were they authenticated by signing again?—A. The 1891 constitution was.

Q. Was the 1888?—A. I do not know.

Q. You are not certain about that?—A. I am not certain.

Q. Are there any other printed copies of the articles of association?

The WITNESS. Besides these two?

The CHAIRMAN. Yes.

A. Yes.

Q. When is the next anterior?—A. I am sorry I can not tell you.

Q. Will you be kind enough to procure, if you can do so conveniently, all the printed copies of the constitution or articles of association in addition to those two since the national-banking system came into existence, and let the committee have sight of them?—A. Certainly.

Q. What were the changes Mr. Beal, between the 1888 and the 1891 articles?—A. These were made with some care at the time. I think section 18 is very much the same in both copies.

Q. Does it occur to you that any material change has been made between 1888 and 1891?—A. It does not.

The CHAIRMAN. Both of these constitutions will be inserted in the record.

The constitutions are as follows:

CONSTITUTION OF THE BOSTON CLEARING-HOUSE ASSOCIATION: 1888.

CONSTITUTION.

The undersigned banks in the city of Boston, for the purpose of effecting a more perfect and satisfactory settlement of the daily balances between them, hereby associate together for that object, and agree upon the following articles of association:

SECTION 1. The name of the association shall be the Boston Clearing House.

SEC. 2. The objects of the association are the effecting, at one place and one time, of the daily exchanges between the several associated banks, and the payment at the same place of the balances resulting from such exchanges. But the association shall in no wise be responsible in regard to such exchanges, nor in regard to the balances resulting therefrom, excepting so far as such balances shall be actually paid into the hands of the manager. The responsibility of the clearing house is strictly limited to the faithful distribution by the manager of the sums actually received by him among the creditor banks; and should any loss occur whilst the said balances are in the custody of the manager, they shall be borne and paid by the associated banks in the same proportion as the expenses are to be borne and paid, as is hereinafter provided.

SEC. 3. Each bank belonging to the association may be represented, at all meetings thereof, by the President or some other director, or the cashier thereof, as each bank may determine, and shall be entitled to one vote.

SEC. 4. The annual meeting of the association shall be held at the clearing house on the second Monday in April, in each year, at 11 o'clock in the forenoon, when a chairman and secretary shall be chosen by ballot, who shall hold their offices for one year, and until others are chosen in their stead; and whenever, at any meeting, either of them shall be absent, a chairman or secretary *pro tempore* shall be chosen. There shall be chosen at each annual meeting a nominating committee of three persons, who shall, at least two weeks before the annual meeting next after their appointment, present to each bank belonging to the association a list of nominees for officers for the succeeding year.

SEC. 5. At every annual meeting there shall also be chosen, by ballot, a standing committee of five presidents or other directors of banks belonging to the association (not more than one member of the commit-

tee, however, from any one bank) to be called the clearing-house committee, who shall hold their offices for one year and until others are chosen in their stead—whose duty it shall be to procure suitable rooms for the clearing house; to provide proper books, stationery, furniture, fuel, and whatever else may be necessary for the convenient transaction of business thereat; to appoint a manager and such other clerks or officers as may be necessary; to establish rules and regulations to be observed at the clearing house in cases not specially provided for in these general articles—such appointments, and such rules and regulations, to be subject to the approval of the association; and generally to supervise the whole business and affairs of the clearing house.

They shall also have charge of the funds of the association and shall draw on each bank for its quota of the expenses. They shall, at the first meeting of the association after their election, submit detailed estimates of the expenditures which will be required for the then current year, and shall, at every annual meeting, present a full and correct account of the expenditures of the then past year. Any vacancies which may occur in the committee during the year shall be filled at the next meeting of the association which takes place after such vacancy occurs.

SEC. 6. The committee shall call special meetings of the association, when thereto requested in writing by any five of the associated banks, and may call such meetings at other times, whenever they shall deem it expedient; and all meetings shall be called by leaving a written or printed notice thereof at the several banks belonging to the association.

SEC. 7. At all meetings, a quorum for the transaction of business shall be one-third of all the associated banks.

SEC. 8. The salary of the manager shall always be fixed by the association, and the salaries of the clerks and porters by the committee. The manager shall give bonds, with sureties, in the sum of \$10,000, and the clerks and porters shall give bonds, with sureties, in the sum of \$5,000 each; all which bonds shall be approved by the said committee.

SEC. 9. The manager, under the control of the committee, shall have the immediate charge of all the business at the clearing house, so far as relates to the manner in which the business shall be transacted; and the settling clerks and porters of the several banks, as well as the clerks belonging to the house, shall, while at the clearing house, be under his direction. The manager shall immediately report to the clearing-house committee any apparent irregularity in the dealings of any bank belonging to the association that comes to his notice and receive the instructions of the committee in regard thereto.

SEC. 10. The committee shall have power to remove the manager or any of the clerks whenever, in their opinion, the interests of the association shall require it.

SEC. 11. The hour for making the exchanges at the clearing house shall be 10 o'clock a. m. each day. At quarter past 12 o'clock, noon, the debtor banks shall pay to the manager, at the clearing house, the balances due from them respectively, either in coin or in such other currency as the laws of the United States shall require, or in such certificates as shall be authorized by the Clearing-House Association, excepting sums less than \$1,000, which may be paid in bills of the debtor banks.

At half-past 1 o'clock p. m., the creditor banks shall receive from the manager, at the same place, the balances due to them respectively, provided all the balances due from the debtor banks shall then have been paid to him.

SEC. 12. Should any bank fail to pay the balance due from it at the proper hour, the amount of such balance shall be immediately furnished to the clearing house by the several other banks, in proportion to their respective balances against the defaulting bank, resulting from the exchanges of that day; and the manager shall make requisitions accordingly, so that the general settlement may be accomplished with as little delay as possible, the amounts so furnished to the clearing house constituting claims on the part of the responding banks, respectively, against the defaulting bank. Any such responding bank may cancel its exchanges of the day with the defaulting bank, by tendering repayment to the debtor bank of the amount, if any, of checks and other items received by it (the creditor bank) through the exchanges of the day at the clearing house, from, or on account of, the said defaulting bank, and receiving in return all the checks and other items delivered by it to the defaulting bank in the morning exchanges at the clearing house, of the day on which said default occurred.

If the defaulting bank shall fail or refuse to return said checks and items when demanded as above, the said creditor bank may notify its depositors and customers from whom said checks and items were received of the fact of the nonpayment and detention of such checks and items, which notification shall be equivalent to the return of such checks and items to the depositors of the same, and the amounts thereof may be charged to their respective accounts, it being understood that they, the said banks, receive checks and items payable by other banks, for collection, as agents only, and do not hold themselves liable for any loss or damage which may accrue through the default of any bank or banks upon which said checks and other items may be drawn.

SEC. 13. Errors in the exchanges and claims arising from the returns of checks or other cause are to be adjusted directly between the banks which are parties therein, and not through the clearing house.

Whenever checks which are not good are sent through the clearing house they shall be returned by the banks receiving the same to the banks from which they were received as soon as it shall be found that said checks are not good; and in no case shall they be retained after 1 o'clock.

In case of the refusal or inability of any bank to promptly refund to the bank presenting such checks, drafts, or other items returned as not good, the bank holding them may report to the manager the amount of the same. And it shall be the manager's duty, under the direction of the clearing-house committee, to take from the settling sheet of both banks the amount of such checks, drafts, or other items so reported and to readjust the clearing-house statement, and declare the correct balance in conformity with the change so made: *Provided*, That such report shall be given to the manager before 12 o'clock of the same day.

SEC. 14. Reclamations for errors and deficiencies in coin received at the clearing house, contained in bags or other packages, sealed and marked in conformity with rules which may be established by the committee, are to be made by the receiving banks directly against the banks whose marks they bear, the clearing house not being responsible for the contents of such sealed bags or packages, and such reclamations should be made in reasonable time.

SEC. 15. Whenever it shall be thought expedient, the association shall appoint one of their number to be a depositary, in special trust, of such coin as any of the associated banks may choose to send to it for safekeeping; and the depositary bank shall issue therefor, in proper form, certificates in convenient amounts, which shall be received in

payment of balances at the clearing house, and shall be negotiable only among the associated banks. The coins thus specially deposited shall be the sole property of such banks as may hold the certificate therefor, and may be withdrawn at any time during banking hours, on presentation of the certificates.

SEC. 16. Any bank in Boston may become a member of the association at any time before the clearing-house shall go into operation, by subscribing to these articles in the manner hereinafter provided.

New members may be admitted to the association on the recommendation of the clearing-house committee, either by the written assent of three-fourths of all the members filed with the manager of the association, or by vote of three-fourths of all the members of the association, at a meeting called for the purpose; such new member paying an admission fee of \$250 and subscribing to these articles as hereinafter provided. Any member of this association proposing to make exchanges and settlements at the clearing house for any bank or other corporation which is not a member shall give notice to that effect, over the signature of its president or cashier, to the clearing-house committee; and thereafter shall be liable for and in regard to all such exchanges and settlements in all respects as if made in its own business and as its own transactions, until notice to the contrary shall have been given to said committee.

SEC. 17. For cause deemed sufficient by the associated banks, at any meeting thereof, any bank may be expelled from the association, and debarred from all the privileges of the clearing house, provided that a majority of all the associated banks shall vote for such expulsion.

SEC. 18. It shall be the duty of the clearing-house committee to promptly investigate cases of apparent infraction of the laws under which the banks are organized by any member of the association; and the committee shall have power, in case of urgent necessity, to suspend any bank from the privileges of the clearing house until the pleasure of the association thereupon shall be ascertained, provided such shall be the unanimous opinion of all the members of the committee present; and, in case of such suspension, the committee shall forthwith call a general meeting of the association to take the matter into consideration.

The clearing-house committee is also empowered, whenever it shall consider it for the interest of the association, to examine any bank belonging to the association, and to require from said bank securities of such an amount and character as said committee may deem sufficient for the protection of the balances resulting from the exchanges at the clearing house.

SEC. 19. Any member may withdraw from the association by giving three months' notice in writing of such intention to the secretary, and first paying its due proportion of all expenses for the current year.

SEC. 20. The expenses of the clearing house—not including the expenses of printing, which shall be apportioned equally—shall be borne and paid as follows: Each bank shall pay \$125 annually, and the remainder of the annual expenses, beyond the amount so raised, shall be assessed upon the several members of the association, pro rata, according to the average daily amount which each bank shall have sent to the clearing house during the preceding year. Any bank or other corporation, outside of the association, whose settlements are made through the clearing house by another bank, as a member of the association, shall pay such sums annually as may be determined by the clearing-house committee.

SEC. 21. These articles of association may be amended at any meeting of the association by a vote of a majority of the members present; notice in writing of the proposed amendments having been given at a previous meeting, and lodged with the secretary.

SEC. 22. The clearing house shall go into operation as soon as these articles shall have received the assent of twenty of the Boston banks, and the officers first elected shall hold their offices until the time hereinafter named for the annual meeting, when a new election shall take place.

SEC. 23. Assent to these articles of association shall be made by the subscription thereto, in duplicate, of the presidents of the respective banks, or of such other directors as may be specially appointed for that purpose by any of the banks; and one copy shall be kept by the chairman of the clearing-house committee, and the other by the secretary of the association.

SEC. 24.—The clearing-house committee shall direct that the clearing house be closed for a holiday, upon the written application of two-thirds of the associated banks.

BOSTON, *May*, 1888.

CONSTITUTION OF THE BOSTON CLEARING-HOUSE ASSOCIATION: 1891.

CONSTITUTION.

The undersigned banks in the city of Boston, for the purpose of effecting a more perfect and satisfactory settlement of the daily exchanges of checks and other items, and of the balances resulting therefrom, hereby associate together for that object, and agree upon the following articles of association:

SECTION 1. The name of the association shall be the Boston Clearing-House Association.

SEC. 2. The objects of the association are the effecting, at one place and one time, of the daily exchanges between the several associated banks, and the payment, at the same place, of the balances resulting from such exchanges. But the association shall in no wise be responsible in regard to such exchanges, nor in regard to the balances resulting therefrom, excepting so far as such balances shall be actually paid into the hands of the manager. The responsibility of the clearing house is strictly limited to the faithful payment and distribution, by the manager, of the money and checks actually received by him under this constitution; and should any loss occur while the money is in the custody of the manager it shall be borne and paid by the associated banks, in the same proportion as the expenses are to be borne and paid, as hereinafter provided.

SEC. 3. Each bank belonging to the association may be represented, at all meetings thereof, by the president or some other director, or the cashier thereof, as each bank may determine, and shall be entitled to one vote.

SEC. 4. The annual meeting of the association shall be held at the clearing house on the second Monday in April in each year, at 11 o'clock in the forenoon, when a chairman and secretary shall be chosen by ballot, who shall hold their offices for one year, and until others are chosen in their stead; and whenever, at any meeting, either of them shall be absent, a chairman or secretary *pro tempore* shall be chosen.

There shall be chosen at each annual meeting a nominating committee of three persons, who shall, at least two weeks before the annual meeting next after their appointment, present to each bank belonging to the association a list of nominees for officers for the succeeding year.

SEC. 5. At every annual meeting there shall also be chosen, by ballot, a standing committee of five presidents or other directors of banks belonging to the association (not more than one member of the committee, however, from any one bank), to be called the clearing-house committee, who shall hold their offices for one year and until others are chosen in their stead, whose duty it shall be to procure suitable rooms for the clearing house; to provide proper books, stationery, furniture, fuel, and whatever else may be necessary for the convenient transaction of business thereat; to appoint a manager and such other clerks or officers as may be necessary; to establish rules and regulations to be observed at the clearing house in cases not specially provided for in these general articles, such appointments and such rules and regulations to be subject to the approval of the association, and generally to supervise the whole business and affairs of the clearing house.

They shall also have charge of the funds of the association and shall draw on each bank for its quota of the expenses. They shall, at the first meeting of the association after their election, submit detailed estimates of the expenditures which will be required for the then current year, and shall at every annual meeting present a full and correct account of the expenditures of the then past year. Any vacancies which may occur in the committee during the year shall be filled at the next meeting of the association which takes place after such vacancy occurs.

SEC. 6. The committee shall call special meetings of the association when thereto requested in writing by any five of the associated banks, and may call such meetings at other times whenever they shall deem it expedient; and all meetings shall be called by leaving a written or printed notice thereof at the several banks belonging to the association.

SEC. 7. At all meetings a quorum for the transaction of business shall be one-third of all the associated banks.

SEC. 8. The salary of the manager shall always be fixed by the association and the salaries of the clerks and porters by the committee. The manager shall give bonds, with sureties, in the sum of \$10,000; and the clerks and porters shall give bonds, with sureties, in the sum of \$5,000 each, all of which bonds shall be approved by the said committee.

SEC. 9. The manager, under the control of the committee, shall have the immediate charge of all the business at the clearing house so far as relates to the manner in which the business shall be transacted; and the settling clerks and porters of the several banks, as well as the clerks belonging to the house, shall, while at the clearing house, be under his direction. The manager shall immediately report to the clearing-house committee any apparent irregularity in the dealings of any bank belonging to the association that comes to his notice, and receive the instructions of the committee in regard thereto.

SEC. 10. The committee shall have power to remove the manager or any of the clerks, whenever, in their opinion, the interests of the association shall require it.

SEC. 11. The hour for making the exchanges at the clearing house shall be 10 o'clock a. m., each day. At quarter past 12 o'clock p. m. the debtor banks shall pay to the manager, at the clearing house, the balances due from them respectively, either in coin or in such other currency as the laws of the United States shall require, or in such certificates as shall be authorized by the Clearing-House Association, except-

ing sums less than \$1,000, which may be paid in bills of the debtor banks.

At half-past 1 o'clock p. m., the creditor banks shall receive from the manager, at the same place, the balances due to them, respectively, provided all the balances due from the debtor banks shall then have been paid to him.

SEC. 12. Should any bank or banks fail to pay to the manager the balance or balances due at the clearing house at the proper hour; the manager shall cause a new settlement to be made, and new balances to be ascertained, by eliminating from the settling sheet of each and every bank all of the amounts charged thereon to the defaulting bank or banks, and all of the amounts credited thereon to the defaulting bank or banks, and also all of the amounts, both debit and credit, on the settling sheet or settling sheets of the defaulting bank or banks. The new balances, as thus ascertained, shall be the balances to be settled as provided in section 11; and, in case any bank or banks shall have paid to the manager the balance or balances as at first ascertained, such bank or banks shall at once make adjustment with the manager.

Immediately after such new settlement shall have been made, each and every bank shall deliver to the manager all of the checks and other items which were received from the defaulting bank or banks on the day of default, or in lieu thereof the money therefor, which checks or other items, or the money, as the case may be, the manager shall tender to the defaulting bank or banks that such checks and other items were received from (such tender to be a sufficient notice of the new settlement), and demand and be entitled to receive *all* of the checks and other items, except those which shall have been previously delivered to him, which the defaulting bank banks had received through the clearing house on the day of default. The checks and other items received by the manager from the defaulting bank or banks shall then be returned by him at once to the respective banks from which they originally came.

If any defaulting bank or banks shall fail or refuse to return said checks and items when demanded as above, the other banks may notify their depositors and customers, from whom said checks and items were received, of the fact of the non-payment and detention of such checks and items, which notification shall be equivalent to the return of such checks and items to the depositors of the same, and the amounts thereof may be charged to their respective accounts; it being understood that they, the said banks, receive checks and items payable by other banks, for collection, as agents only, and do not hold themselves liable for any loss or damage which may accrue through the default of any bank or banks upon which said checks and other items may be drawn.

SEC. 13. Errors in the exchanges and claims arising from the returns of checks, or other cause, are to be adjusted directly between the banks which are parties therein, and not through the clearing house.

Whenever checks which are not good are sent through the clearing house, they shall be returned by the banks receiving the same to the banks from which they were received, as soon as it shall be found that said checks are not good, and in no case shall they be retained after 1 o'clock.

In case of the refusal or inability of any bank or banks to promptly refund to the bank or banks presenting such checks, drafts, or other items returned as not good, the bank or banks holding them may report to the manager the amount of the same. And, provided that such report shall be given to the manager by 12 o'clock of the same day, it

shall be the manager's duty, under the direction of the clearing-house committee, to take from the settling sheets of all of the banks concerned the amount of such checks, drafts, or other items so reported, to readjust the clearing-house statement and declare the correct balances, and enforce a settlement in conformity with the change so made. And should any bank or banks fail to pay the balance or balances, as ascertained by such readjustment, the manager shall still further readjust the clearing-house statement, and enforce a settlement, as provided in section 12.

SEC. 14. Reclamations for errors and deficiencies in coin received at the clearing house, contained in bags or other packages, sealed and marked in conformity with rules which may be established by the committee, are to be made by the receiving banks directly against the banks whose marks they bear, the clearing house not being responsible for the contents of such sealed bags or packages, and such reclamations should be made in reasonable time.

SEC. 15. Whenever it shall be thought expedient the association may appoint one of its members to be a depositary, in special trust, of such coin as any of the associated banks may choose to send to it for safe-keeping; and the depositary bank shall issue therefor, in proper form, certificates in convenient amounts, which shall be received in payment of balances at the clearing house, and shall be negotiable only among the associated banks. The coin thus specially deposited shall be the sole property of such banks as may hold the certificate therefor, and may be withdrawn at any time during banking hours on presentation of the certificates.

SEC. 16. Any bank in Boston may become a member of the association at any time before the clearing house shall go into operation by subscribing to these articles in the manner hereinafter provided.

New members may be admitted to the association on the recommendation of the clearing-house committee, either by the written assent of three-fourths of all the members filed with the manager of the association, or by vote of three-fourths of all the members of the association at a meeting called for the purpose; such new member paying an admission fee of \$250 and subscribing to these articles as hereinafter provided. Any member of this association desiring to make exchanges and settlements at the clearing house for any bank or other corporation which is not a member shall give notice to that effect over the signature of its president or cashier to the clearing-house committee, and thereafter shall be liable for and in regard to all such exchanges and settlements in all respects as if made in its own business and as its own transactions, until notice to the contrary shall have been given to said committee.

SEC. 17. For cause deemed sufficient by the associated banks, at any meeting thereof, any bank may be expelled from the association and debarred from all the privileges of the clearing house, provided a majority of all the associated banks shall vote for such expulsion.

SEC. 18. It shall be the duty of the clearing-house committee to promptly investigate cases of apparent infraction of the laws under which the banks are organized by any member of the association, and the committee shall have power, in case of urgent necessity, to suspend any bank from the privileges of the clearing house until the pleasure of the association thereupon shall be ascertained, provided such shall be the unanimous opinion of all the members of the committee present; and, in case of such suspension, the committee shall forthwith call a general meeting of the association to take the matter into consideration.

The clearing-house committee is also empowered, whenever it shall consider it for the interest of the association, to examine any bank belonging to the association, and to require from said bank securities of such an amount and character as said committee may deem sufficient for the protection of the balances resulting from the exchanges at the clearing house.

SEC. 19. Any member may withdraw from the association by giving three months' notice in writing of such intention to the secretary, and first paying its due proportion of all expenses for the current year.

SEC. 20. The expenses of the clearing-house—not including the expense of printing, which shall be apportioned equally—shall be borne and paid as follows: Each bank shall pay \$125 annually, and the remainder of the annual expenses beyond the amount so raised shall be assessed upon the several members of the association pro rata, according to the average daily amount which each bank shall have sent to the clearing house during the preceding year. Any bank or other corporation outside of the association, whose settlements are made through the clearing house by another bank, as a member of the association, shall pay such sums annually as may be determined by the clearing-house committee.

SEC. 21. These articles of association may be amended at any meeting of the association by a vote of a majority of the members present, notice in writing of the proposed amendments having been given at a previous meeting and lodged with the secretary.

SEC. 22. This constitution shall go into operation as soon as these articles shall have received the assent of twenty of the Boston banks, and the officers first elected shall hold their offices until the time hereinbefore named for the annual meeting, when a new election shall take place.

SEC. 23. Assent to these articles of association shall be made by the subscription thereto, in duplicate, of the presidents of the respective banks or of such other directors as may be specially appointed for that purpose by any of the banks, and by such assent the respective banks, which thereby become members of the association, shall (and do hereby) agree to conform in all respects to the requirements of the several articles of this constitution, and one copy shall be kept by the chairman of the clearing-house committee and the other by the secretary of the association.

SEC. 24. The clearing-house committee shall direct that the clearing house be closed for a holiday upon the written application of two-thirds of the associated banks.

BOSTON, July, 1891.

By the CHAIRMAN:

Q. I wish now to call your attention to one or two clauses in the constitution. The 1891 constitution provides that the association is made by the banks of Boston "For the purpose of effecting a more perfect and satisfactory settlement of the daily exchanges of checks and other items, and of the balances resulting therefrom." That is the whole object of the association, as you understand it?—A. Under its articles of association, yes.

Q. I also read from section 2:

The objects of the association are, the effecting at one place and one time of the daily exchanges between the several associated banks and the payment, at the same place, of the balances resulting from such exchanges. * * * The responsibility of the clearing house is strictly limited to the faithful payment and distribution, by the manager, of the money and checks actually received by him under this constitution.

Q. Are we to understand that in practice the clearing-house association, in its supervision of national banks at Boston, has in fact limited itself to these objects?—A. Entirely, except that in times of great emergency they have issued clearing-house loan certificates. The only two times that I remember or that are within my memory were at the time of the Baring failure, and I think also—that is before my experience—at the time of the Jay Cooke failure in 1873.

Q. I will ask you about that function shortly. With these exceptions the intention and practice have been to consider the association as strictly limited in its functions?—A. That has been the practice.

Q. I will now read from section 18:

It shall be the duty of the clearing-house committee to promptly investigate cases of apparent infraction of the laws under which the banks are organized, by any member of the association.

Then follows the provision that in case of urgent necessity the clearing-house committee may suspend a bank from the privileges of the clearing house, and call a general meeting of the association. It then provides:

The clearing-house committee is also empowered, whenever it shall consider it for the interest of the association, to examine any bank belonging to the association, and to require from said bank securities of such an amount and character as said committee may deem sufficient for the protection of the balances resulting from the exchanges at the clearing house.

I will ask you whether there is not in the first clause of section 18 very clearly and distinctly assumed an additional and very broad function on the part of the clearing-house association; that is to say, that of promptly investigating cases of apparent infractions of the laws under which the banks are organized?—A. That is the power expressed.

Q. That is the power expressed?—A. Yes.

Q. State what has been the construction of the various clearing-house committees and the officers of the association as to what they ought to do under that clause. Has it been acted upon or has it become obsolete?—A. I do not know of a single case of action under it in my experience.

Q. Has there never been any formal application to the association or the clearing-house committee to investigate an infraction of the laws by a bank?—A. I know of none.

Q. You know of no case where the clearing-house committee or a special committee of the association has investigated illegalities supposed to have been perpetrated by any bank?—A. None in Boston to my knowledge.

Q. Has the clause been a dead letter?—A. It has not been acted upon to my knowledge.

Q. Define a dead letter?—A. Doing nothing under it.

Q. You are not obliged to use my language. You are at perfect liberty to use your own. That function has not been exercised?—A. It has not been exercised.

Q. It has not been exercised in Boston by the clearing house, so far as you know?—A. It has not been exercised by the Boston clearing house, so far as I know.

Q. Is that power expressed in section 18 of the articles of association of 1888?—A. Yes; I think so.

Q. The very same power?—A. Yes.

SEC. 18. It shall be the duty of the clearing house committee to promptly investigate cases of apparent infraction of the laws under which the banks are organized by any member of the association.

Q. So far as you know, that has been in the articles of association during the whole period since the national banking system has been in existence?—A. Yes.

Q. Do you remember back to the origin of the national banking system in 1865?—A. No, sir.

Q. When did you first go into a bank?—A. I went in as a clerk in 1871.

Q. Five or six years after the national banking system was organized?—A. I have a very faint recollection of preceding years.

Q. You went into your father's bank?—A. Yes, sir.

Q. The Second National?—A. Yes, sir.

Q. So far as you know, it has been in the articles of association ever since the beginning?—A. Yes, sir.

Q. You will be kind enough when you look for the previous copies of the articles of the association to see if that clause is in them?—A. Yes.

Q. Can you state any reasons why it is necessary to the success of the Clearing House Association and to the proper accomplishment of the specific objects for which it is organized that it should limit its functions to those specific objects?—A. The intense jealousy and the great competition in banking in the city of Boston.

Q. I understand you that a general supervision of banks under this clause, or for any purpose except to secure the payment of daily balances, would arouse objection?—A. The first point and the most important point, I think, is that any action of the clearing house committee would be a very serious reflection on the credit of the bank investigated, and would be apt to cause suspicion. It was one point they wished to cover in the case of the Maverick Bank, not to give any reason to throw discredit on the bank by any action of theirs and therefore cause a withdrawal of deposits.

Q. For that reason you called for the examiner's reports instead of exercising the power contained in section 18?—A. Yes, sir. You will notice that we were careful not to use the name of the Maverick Bank for that reason.

Q. When you did examine the reports you found such an alarming condition of affairs that you felt it was necessary for you to send Mr. Hutchins to Washington with this letter?—A. We felt it was our duty to protect the exchanges at the clearing house, which we did by requesting Mr. Potter to have actual money at the clearing house to make good any loss, which he did not make, and on the contrary made a gain every day. We felt that we should have the money there. In addition, I think we said in one of our letters to the Department that on that Department devolved the protection of the general creditors of the bank.

Q. You had at that time before you the facts that led you, either then or later, before the bank closed, to know that it was insolvent?—A. Yes, sir.

Q. Explain more fully why the Clearing House Association could not do more, or has not done more, under this clause, to prevent the Maverick National Bank from getting into the condition in which the clearing-house committee found it in the last week of October, 1891.

Before you answer that question, I will state that it seems to me, as one of the committee, perhaps to the whole committee, that under a clause as broad as this, making it the duty, not the privilege, but the duty of the clearing-house committee to investigate apparent infractions of the laws under which the banks are organized, the clearing-house committee long before the Maverick Bank failed should have

found out something about many transactions of that bank which now appear to be illegal.—A. The clearing house committee knew of no apparent infraction of the laws by the Maverick National Bank.

Q. They knew nothing about the loans of the Maverick Bank?—A. One bank knows almost nothing of the loans of another bank.

Q. Does this jealousy of which you speak extend to this point; the lack of knowledge on the part of a member of the Clearing House Association of the condition of another bank than his own?—A. Yes. If they knew about the business of another bank they might take away its depositors or take away its loans.

Q. The officers of the association are all bank officers?—A. They are.

Q. Actively engaged in banks of their own?—A. They are.

Q. They, therefore, could not take any action under this clause without investigating in detail the affairs of another bank. Is that what you mean by the jealousy which would arise if the association undertook to extend their functions—the fact that it would allow officers of one bank to know what was going on in another bank?—A. Yes; that it would allow officials of one bank to know what was going on in another, and also for the reason that such action on the part of the clearing house would hurt and injure the credit of any bank as to which it might exercise such functions.

Q. It would hurt, of course, from the fact that the clause has been obsolete for many years, if you were in the case of one bank to begin to investigate cases of apparent infractions of the law. But it would not produce that result if it was the customary thing for the clearing-house committee to do?—A. No, sir; but it has never been done to my knowledge. There was nothing to show any apparent infraction of the customs of the clearing house in the action of the Maverick Bank. They made their clearances promptly, and they seemed to have the public confidence; they had large deposits; their reserve appeared to be good.

Q. You had no occasion to see the list of loans to clerks and minors?—A. None.

Q. And to widows' children that now appear on this record?—A. None.

By Senator PEPPER:

Q. Referring to the reflection upon the banks that the exercise of this power would cause, you mean that the exceptional character of the investigation would cause that; that your examination, one coming in ten years, would be so exceptional that its exceptional nature would call attention to the condition of the bank and reflect upon it in that way?—A. The power is not exercised except in cases where there is great doubt as to the solvency of the bank.

Q. It is so rare that its rarity would make it exceptional and call attention to it.—A. Yes, sir.

Q. Can you state when the first clearing-house association was organized in Boston?—A. I regret I can not. It was under the system of State banks, but when I do not know.

Q. Are there any banks in the system now other than national banks?—A. I think not. I do not remember any in Boston.

Q. No banks organized under State laws—State corporation laws?—A. I do not recall any.

Q. Then there are no members of this clearing-house association except national banks?—A. No. The trust companies enjoy the privileges of the clearing, but they are not members of the association.

Q. Are there any other organizations that enjoy the privileges of the association except the trust companies?—A. None that I know of, except the trust companies and certain national banks outside of Boston.

Q. Where are they located?—A. To speak roughly, within a radius of 15 or 20 miles of Boston.

Q. Of the city?—A. Of the city.

Q. How do they manage to avail themselves of the benefits or advantages of the association?—A. One of the members of the association agrees to pay any checks drawn on that bank, and such notice is sent around.

Q. They do their business through another bank as a friend?—A. Representing them; as a friend.

By the CHAIRMAN:

Q. Do the checks of the banks which have the privileges of the association come into the clearing house as we saw them coming in, just the same as if they were checks on the Boston banks?—A. Yes, sir.

Q. So that the clearances which we saw to-day not only cover checks upon the banks which were represented there, but checks upon other banks which enjoy the privileges of the clearing?—A. The same as the other banks.

Q. Where are those banks located?—A. At Stoneham and Quincy and Salem, and so on.

Q. What number of banks do you suppose had checks there this morning?—A. Including the banks outside and the trust companies, 25, in addition to the Boston banks.

Q. How many Boston banks?—A. Fifty-two.

Q. For the purpose of the clearance they are treated just the same as if they were checks upon the Boston banks?—A. Yes, sir.

Q. So that the total amount of the clearance at the clearing house represents their business as well as the business of the Boston bank?—A. So far as the checks go.

Q. How many Boston banks cleared this morning?—A. I think the number is 52.

Q. The absence of any representation of a bank would be noted at once?—A. Yes, sir; they all clear every morning.

Q. I wish to call your attention again to section 18:

It shall be the duty of the clearing-house committee to promptly investigate cases of apparent infraction of the laws under which the banks are organized—

And to say that Mr. Asa P. Potter has averred before this committee that all the banks of the city are violating the laws under which they are organized, and have constantly been doing the same things which his bank has done. Are you now a member of the clearing-house committee?—A. No.

Q. Will you be kind enough to call the attention of the clearing-house committee to Mr. Potter's statement and to this section 18, and to say that if Mr. Potter's statement is true it appears (certainly to me as the chairman of this committee) that the clearing-house committee has a duty to perform under this section, and if it is not in the habit of taking any action under that clause the committee would be very glad to hear from the association. I will take occasion now to ask you whether you believe yourself that the banks of this city are to-day engaged in such transactions as Mr. Potter has stated to this committee?—A. I do not, at all.

Q. What can you say on that subject, because that imputation has

been distinctly made upon the banks of Boston, and here is a clear duty on the part of the clearing-house committee to deal with such infractions of the laws under a voluntary agreement entered into by the banks?—A. The clearing-house committee, in my opinion, do not know of any infraction of the law in that way. They do not believe that any bank is violating the spirit of the law in that regard.

Q. Certainly not to any such extent as appeared in the case of the Maverick Bank?—A. Not at all to that extent. I conversed with one or two members of the clearing-house committee, and there is no bank in Boston which they have the slightest suspicion is conducting its business in that way.

Q. Did they not know that the Maverick Bank was doing it before this exposure?—A. No, sir; I can only speak for myself now. They felt that the Maverick Bank was possibly taking large risks, but I knew nothing about it.

Q. You did not know facts or have a strong belief of facts which would warrant you in supposing the condition of things was as it was afterwards revealed in that bank?—A. I think the records will show that I, as connected with the Second National, treated the Maverick Bank with a great deal of confidence, within sixty days before the failure, certainly, and possibly within thirty days.

Q. I would like to call your attention to this testimony taken before the committee. On page 84 is a letter from Examiner Magruder to Comptroller Lacey, dated Boston, August 7, 1891, from which I will read a clause.

You are probably aware that money has been quite scarce in this market, and has commanded much higher rates than in New York, and I was prepared to hear that number 677—

That is the Maverick

had found it necessary to borrow considerably, but on inquiring at the Second National Bank—

which is your bank?—A. Yes.

Q. Which is one of the strongest banks here, and never borrows from its neighbors, I was informed, and I confess quite to my surprise, that the available funds for transactions between banks at the clearing house was pretty well concentrated in the Second and No. 677.

That is the Maverick.

The latter has for some little time past, it seems, been an almost constant lender to other banks on the street, its loans of that kind having reached as high as \$1,000,000, and having averaged daily between \$500,000 and \$600,000, if I am correctly informed, and I believe that my information is reliable. This, of course, indicates an easy condition as to money with No. 677, which is rather exceptional among the banks of this city just now, as you will readily understand when I tell you that the rate for loans between banks at the clearing house is, and has for some days been, 7 per cent; that call loans on collateral command the same rate, and that regular customers are obliged to pay their banks 6 per cent for needed accommodation, which is a pretty high rate for this market, when the balances kept by regular customers are taken into consideration.

That reference of Mr. Magruder is to your bank?—A. Yes.

Q. I call your attention to the letter of Comptroller Lacey to Representative N. N. Cox, of the House, giving a history of the Maverick Bank transaction, beginning on page 108 of the testimony, where, on page 112, he quotes from the clauses that I have read from Examiner Magruder's letter of August 7, 1891, but substitutes for the Second National Bank three stars. Instead of saying "but on inquiring at the Second National Bank, which is one of the strongest banks here, and never borrows from its neighbors," he substitutes three stars; and instead of saying that the "available funds for transactions between

banks at the clearing house were pretty well concentrated in the Second and No. 677," he says "in the National Bank and the Maverick National Bank." You will notice that omission?—A. Yes, sir.

Q. Do you know of any reason why that omission was made in the letter of the Comptroller to the Congressman?—A. I do not know.

Q. Can you state to the committee whether the statement in Mr. Magruder's letter of August 7, 1891, which has been read, is true, and whether or not your bank and the Maverick Bank were furnishing about all the available funds for the transactions between banks at the clearing house about August 7, 1891—whether that is true or not?—A. I do not remember, but as I have stated in my testimony, I think, the Maverick Bank had been loaning, and doubtless at that time they were loaning.

Q. Will you be kind enough to endeavor to ascertain whether that statement in that letter is true? Was it true as to your own bank at that time?—A. I do not remember. We were certainly loaning.

Q. You were a lender?—A. We always have loaned.

Q. This letter of Mr. Magruder's of August 7, 1891, was written to the Comptroller evidently to give him confidence in the Maverick Bank, and he recites this inquiry at the Second National Bank, and recites the result. Was that inquiry made of you by Mr. Magruder?—A. Probably it was. He was quite in the habit of dropping in to ask what was the news.

Q. You may state whether you informed Mr. Magruder that your bank and the Maverick were furnishing substantially all the money for clearing purposes August 7, 1891?—A. I can not remember. I do not think I should have made that statement. I very likely should have made the statement that the Maverick was loaning.

Q. And that you were loaning?—A. Yes; that I was loaning.

Q. Can you remember whether you undertook at that time to give Mr. Magruder to understand that your bank and the Maverick Bank were holding up the street, so to speak, the banks of Boston, and furnishing all the money necessary for clearing-house purposes?—A. I should not say we were holding them up. I might say we were holding them down.

Q. "Holding them down;" was that a joint operation?—A. There was nothing joint about it.

Q. Somehow the Boston banks were getting along August 7, 1891, and made their clearances, and Mr. Magruder says you told him that your bank and the Maverick were furnishing nearly all the money to make the clearances. Did you tell him that?—A. I do not remember.

Q. I wish you would refresh your memory about that. State as near as you can what you did tell him.—A. I regret very much I remember nothing about it. I do not remember having a conversation with him.

Q. It seems that he reported these facts after a conversation with you, and the Comptroller seems to have thought for some reason that the fact ought to be kept secret for a time, and that leads me to think that exactly what representations you did make August 7, 1891, to Mr. Magruder should be ascertained.—A. I can tell you just what we were doing at that time.

Q. Can you tell what the Maverick was doing?—A. We can probably tell the amount due to the Maverick Bank from the banks of Boston by the books of the bank.

Q. I wish you would ascertain, if you can, whether Mr. Magruder made a true statement to Mr. Lacey August 7, 1891, or whether he lied to him, because he uses the authority of a bank to which he gives a

very high reputation—"The Second National Bank, which is one of the strongest banks here and never borrows from its neighbors." He uses the authority of that bank to inspire confidence in the Maverick. That is very certain. So far as Mr. Magruder is concerned he puts your bank and the Maverick in the same situation.—A. At that time.

Q. Yes.—A. I simply stated the facts to him as to the loans at the clearing house.

Q. Will you be kind enough to ascertain whether, as a matter of fact, he told the truth at that time?—A. I will try to.

The CHAIRMAN. The committee will desire to have some specific facts from you in reference to the condition of the Maverick Bank when you took possession. Mr. Kean has kindly been in attendance by your permission. We will furnish you a memorandum of what we would like, so that the subject can be taken up when the committee resumes its session next Tuesday.

The session of the committee will be adjourned until Tuesday next at 2 o'clock in the afternoon, and at that time any person who knows anything of importance about the Maverick Bank and is willing to tell all he knows will be heard.

At 1 o'clock p. m. the committee adjourned until Tuesday, August 23, 1892, at 2 o'clock p. m.

BOSTON, MASS., *August 23, 1892.*

The committee met at 2 o'clock p. m. pursuant to adjournment.

Present: Senators Chandler (chairman), Dixon, Carlisle, and Peffer.

TESTIMONY OF EDWARD W. L. NICHOLS.

EDWARD W. L. NICHOLS, being duly sworn, testified as follows:

By the CHAIRMAN:

Q. What is your full name?—A. Edward W. L. Nichols.

Q. Where is your home residence and place of business?—A. New York City.

Q. Where may you be found in New York?—A. No. 80 Broadway.

Q. Were you ever in the employ of Irving A. Evans & Co.?—A. I was.

Q. What was your position there?—A. Shorthand clerk.

Q. How long were you connected with the firm?—A. Between three and four years.

Q. Did you ever make any notes for the firm?—A. I did.

Q. You may state how many you made.—A. Two, I think.

Q. Were those all the notes you ever made for the accommodation of the firm of Irving A. Evans & Co.?—A. Yes, sir; as far as I know.

Q. What were the amounts?—A. I do not remember the amounts, sir.

Q. Were they for \$22,000 and \$35,000, making \$57,000 in all?—A. I remember one for \$35,000. I do not remember the note for \$22,000, although I remember signing two notes.

Q. You said that you never signed any other notes?—A. I do not remember signing any other notes.

Q. What were the circumstances under which you signed those notes?—A. I was asked to sign the note, and when I asked why my

signature was requested I was assured it was simply a matter of form, and they were protected by collateral.

Q. You knew they were promissory notes?—A. Yes, sir.

Q. Did you understand what use was to be made of them?—A. No, sir; I was told it was purely a matter of form.

Q. Were you given to understand that they were to be used by the firm to raise money?—A. I did not know what they were to be used for.

Q. You saw they were promissory notes. When you signed them did you know what you were signing?—A. Yes, sir.

Q. What did you sign?—A. It was a promissory note.

Q. To whom was it payable?—A. That I do not remember.

Q. Did you understand what bank they were going into?—A. No, sir.

Q. Did you understand that they were to be negotiated?—A. No, sir; I did not. They were simply given to me for my signature.

Q. Did you have any understanding as to whether collateral was to be used with those notes?—A. Yes, sir.

Q. That you were informed would be done?—A. Yes, sir.

Q. Then of course you inferred that they were to be used to borrow money on, did you not?—A. Well, yes, sir.

Q. If you signed promissory notes with which collateral was to be put, then you assented to the use of the notes, did you not?—A. Yes, sir.

Q. Did you know what collateral was to be used with the notes?—A. I did not.

Q. There was no understanding with you as to the particular collateral to be used?—A. No, sir.

Q. Did you understand that there was any emergency in the firm's affairs at that time that they should ask you to sign notes for them?—A. No, sir; I did not.

Q. Who asked you to sign the notes?—A. I do not remember whether it was Mr. Tobey or Mr. Bliss.

Q. It was one or the other members of the firm?—A. It was one or the other; I do not remember which.

Q. Were you in any condition at that time to pay any such note if you were obliged to pay it?—A. No, sir; I was not.

Q. Did you receive any compensation for signing these notes except your regular compensation as shorthand writer?—A. No, sir; that is all.

Q. Did you remain with the firm until the failure?—A. I did.

TESTIMONY OF GEORGE E. CRAIG.

GEORGE E. CRAIG, being duly sworn, testified as follows:

By the CHAIRMAN:

Q. Mr. Craig, be kind enough to state your home residence and business place.—A. My home residence is at Walpole, Mass. My place of business at present is 40 Broad street.

Q. What is your business, Mr. Craig?—A. I am an accountant.

Q. What has been your connection with Mr. Jonas H. French?—A. I have been in the employ of the Cape Ann Granite Company, of which he was president.

Q. As bookkeeper?—A. Yes, sir.

Q. Were you in his employ up to the time of the failure of the Maverick Bank?—A. Yes, sir.

Q. Were you connected with the firm in any way except as an employé?—A. That is all, sir.

Q. Did you ever make any large notes for the accommodation of Mr. French?—A. I made one.

Q. Did you make more than one?—A. There never was but one at the same time.

Q. For how large a loan did you make them?—A. Forty thousand dollars; I made the note.

Q. Did you make notes in renewal of that loan several times?—A. There never was but one \$40,000 note. The others were not so large.

Q. Did you make a note dated October 6, 1891, which was before the Maverick Bank failed, for \$40,000?—A. I did.

Q. Do you wish the committee to understand that that was the amount of several small notes?—A. No, sir. When one note became due it was paid and another one was given.

Q. When was the loan— A. The original loan?

Q. For which you were responsible, smaller than \$40,000; what time previous to October 6, 1891?—A. I beg your pardon, sir.

Q. How long had the \$40,000 note been in existence?—A. Only since the 6th of October.

Q. Had you made notes for Mr. French prior to that time?—A. Yes, sir; I had.

Q. Give the amount.—A. I can not tell you the amount.

Q. As large as \$40,000?—A. No, sir.

Q. What had been the amount of the loan for which you had made yourself responsible by signing notes prior to that time?—A. They varied.

Q. From what sum?—A. From \$30,000 to \$40,000, perhaps.

Q. Going back how many years?—A. Really, I could not say.

Q. Who asked you to sign this note of October 6, 1891?—A. Mr. French asked me to sign it.

Q. As an accommodation to him?—A. As an accommodation to him, with an assurance that there was collateral to protect it.

Q. That had been the assurance on previous occasions?—A. Yes, sir; always.

Q. Did you understand where the note was to be negotiated?—A. At the Maverick Bank.

Q. You understood that?—A. Yes, sir.

Q. As previous notes had been negotiated there?—A. Yes, sir.

Q. Did you receive any compensation from Mr. French for signing these notes?—A. No, sir.

Q. Except your regular salary as bookkeeper?—A. That is all, sir.

Q. Were you in any condition to borrow that amount of money on your own credit?—A. No, sir.

Q. Are you in any position to pay that or any other sum to the Maverick Bank?—A. No, sir.

By Senator CARLISLE:

Q. Were you told that there was to be collateral placed with these notes?—A. Yes, sir.

Q. Did you understand what the collateral was to be?—A. I do not know that I did. When I was asked to sign the note I hesitated for a moment, and upon being assured that it would be protected by collateral I placed my signature on the note. I was not told what it was.

Q. You do not now know what it was?—A. No, sir; I do not.

TESTIMONY OF EDGAR G. FROST.

EDGAR G. FROST, being duly sworn, testified as follows:

By the CHAIRMAN:

- Q. Edgar G. Frost is your name?—A. Yes, sir.
- Q. Where is your home residence and place of business?—A. Providence.
- Q. Where in Providence?—A. No. 216 Weybosset street.
- Q. What is your age?—A. Twenty-seven.
- Q. Were you an employé of Irving A. Evans & Co. at any time?—A. Yes, sir.
- Q. Were you in their employ up to the time of their failure?—A. No, sir.
- Q. How long were you with them?—A. About four and a half years.
- Q. Your connection terminated when?—A. I think it was the 27th day of March, 1891.
- Q. Did you make notes for the accommodation of the firm?—A. I did.
- Q. To what amount?—A. The amount I can not state.
- Q. What was the largest amount at any one time?—A. I could not say.
- Q. Did you make several notes for the firm?—A. Well, several; I made three, I think.
- Q. During what period of time? Extending over what period of time?—A. Previous to a year and a half or two years before I left them.
- Q. What was the largest note you made?—A. That I can not say.
- Q. Did you make one for \$14,000, which is described in the testimony before this committee?—A. I do not remember any such note.
- Q. Do you remember any particular note?—A. Yes, sir.
- Q. What do you remember?—A. A note for sixteen thousand six hundred and some odd dollars.
- Q. Was that note paid or taken up?—A. Not that I know of.
- Q. Were any of these notes that you signed paid and taken up to your knowledge?—A. Not to my knowledge.
- Q. Were you informed that they were?—A. No, sir.
- Q. How many such notes are now outstanding?—A. I could not tell you.
- Q. Do you know that any are outstanding?—A. No, sir.
- Q. You do not know?—A. No, sir.
- Q. When notes that you made for the firm were taken up and canceled was not that fact reported to you?—A. No, sir.
- Q. Did you keep any memorandum of the notes which you signed?—A. No, sir.
- Q. Who requested you to sign these notes?—A. Usually Mr. Tobey.
- Q. Was it part of the understanding when you entered into the employment of the firm that you were to sign notes for them?—A. No, sir.
- Q. How did it come about then that in addition to your regular work for the firm you made notes for them?—A. Simply as a matter of form.
- Q. At the request of Mr. Tobey?—A. Yes, sir.
- Q. Were you at any time responsible for the amount of the notes you signed?—A. No, sir.
- Q. You could not have borrowed as much money on your own

credit?—A. At the time I made the note there was sufficient collateral to pay it.

Q. Suppose there had been no collateral and no one else responsible, you would not have considered yourself responsible for a note of that kind?—A. No, sir.

TESTIMONY OF WARREN G. MONK.

WARREN G. MONK, being duly sworn, testified as follows:

By the CHAIRMAN:

Q. What is your full name?—A. Warren G. Monk.

Q. Where is your business place and where is your home residence?—A. My home residence is Newton.

Q. What place in Newton?—A. Newton proper.

Q. On what street?—A. On the corner of Hunnewell Terrace.

Q. Is there any number?—A. The house is not numbered.

Q. What is your place of business in Boston?—A. 303 Franklin.

Q. What was your business on the 30th of June, 1888?—A. I was with Irving A. Evans & Co.

Q. What was your business with Irving A. Evans & Co.?—A. When I first went there I went there as a bookkeeper and afterwards as cashier.

Q. As bookkeeper and then as cashier?—A. Yes, sir.

Q. You worked for them on a salary?—A. Yes, sir.

Q. Did you have any other business connection with the firm?—A. No, sir.

Q. Did you make notes for them?—A. Yes, sir.

Q. As an accommodation to the firm?—A. Yes, sir.

Q. Did you make a note on June 30, 1888, of \$33,219.24 or upwards, secured by collateral of 1,274 shares West End Land Company?—A. I can not say. I did not keep any memorandum of them.

Q. Did you ever keep any memorandum of the notes you signed?—A. No, sir; I did not.

Q. What was the largest amount you ever signed for at any time?—A. Not keeping a memorandum I can not tell.

Q. Did you sign for as high as \$40,000 at any one time?—A. Possibly.

Q. Tax your memory about it as to how large an amount you ever signed for.—A. I should judge not over that, if it was as large as that.

Q. But for large sums, \$30,000 or \$40,000?—A. Perhaps so.

Q. Did you never keep any memorandum of any notes you signed?—A. No, sir.

Q. Who asked you to sign the notes?—A. I think Mr. Tobey did.

Q. Was there any understanding when you went into the employment of the firm that you should sign notes?—A. No, sir.

Q. What took place when Mr. Tobey asked you to sign notes?—A. The notes were secured by collateral, and I signed them.

Q. What did you understand was to be done with them?—A. I supposed they would borrow money on them, as long as there was collateral with them.

Q. Did you understand where they were going to borrow money on them?—A. Not always.

Q. Did you ever?—A. Yes, sir.

Q. Where did you ever understand a note of yours to go?—A. One went to the Security Bank.

Q. Give the full name of that bank?—A. I do not know whether it is the National Security or the Security National.

Q. How large a note did you make that went into that bank?—A. I can not say, not keeping a memorandum.

Q. Did you know that any of your notes were to go into the Maverick Bank?—A. I can not say about that.

Q. Did you know the firm had large dealings with the Maverick Bank?—A. Yes, sir.

Q. Were you responsible for notes of the size of these which you think you made for the firm?—A. No, sir.

By Senator CARLISLE:

Q. Were you told at the time you signed these notes that they were to be secured by the deposit of collaterals?—A. Oh, yes, sir; the collaterals were specified in the note.

Q. That was written on the face of the note?—A. Exactly.

Q. You have mentioned one bank other than the Maverick in which a note was to be discounted, as you understood it?—A. Yes, sir.

Q. Can you remember any other bank in Boston?—A. No, sir; I do not remember any other bank.

Q. Did you know whether that note was actually discounted at the Security National Bank or the National Security Bank, whichever it may be?—A. Yes, sir; it was discounted.

Q. It was discounted?—A. I think it was.

Q. Can you remember now whether your note which was discounted at the Security Bank was outstanding at the same time that you had a note in the Maverick Bank?—A. I can not say, sir.

Q. Was there ever a time when you had two notes out?—A. Probably.

Q. At the same time?—A. Probably there was.

Q. You can not remember?—A. I can not remember, because I kept no memorandum. They were secured by collaterals, so I did not keep any memorandum of them.

TESTIMONY OF ALEXANDER Q. MILLER.

ALEXANDER Q. MILLER, being duly sworn, testified as follows:

By the CHAIRMAN:

Q. Give your first name.—A. Alexander Q.

Q. State your home residence and place of business.—A. Hotel Belmont, Brockton; business, W. L. Douglass Shoe Company, Brockton.

Q. Did you make a note on January 21, 1888, for \$38,260, which, with collateral, found its way into the Maverick Bank?

The WITNESS. What date? I did not understand.

The CHAIRMAN. January 21, 1888.

A. No, sir; I do not think I did.

Q. Did you ever make a note of that size that went into the Maverick Bank?

The WITNESS. How much?

The CHAIRMAN. \$38,260.

A. I made one note. I have forgotten the exact amount. That was eight years ago; between seven and eight years ago.

Q. Is that [handing witness note] your signature?—A. (Examining note.) That looks like my signature. I do not remember writing that.

Q. Is that your signature?—A. Yes, sir; that is my signature.

Q. You have no doubt you signed that piece of paper?—A. No, sir.

Q. Do you know whether that note had the writing on it when you signed it or not?—A. I do not.

Q. Did you ever to your knowledge sign any notes or papers of that kind in blank?—A. Never that I remember.

Q. Then when you signed that it had the writing on it that it now contains?—A. I do not remember. I do not think I signed a note like that.

Q. Do not think what?—A. I do not think I should sign a note without the writing being in it.

Q. You do not believe you would sign a blank note?—A. No, sir; I know I would not.

Q. You have no recollection of having signed a blank note?—A. Not at all.

Q. Then, if that is your signature, you signed that note as it is now?—A. Yes, sir.

Q. Do you know the handwriting in the body of the note?—A. No, sir.

Q. It is in the handwriting of Mr. Charles F. Kellogg. Did you ever see his handwriting?—A. Not to know it.

Q. You knew him?—A. Yes, sir.

Q. But you do not know his handwriting?—A. No, sir.

Q. I will read the note:

\$38,260.

BOSTON, *January 21, 1888.*

On demand, at five per cent, I promise to pay to the Maverick National Bank of Boston, or order, thirty-eight thousand two hundred sixty dollars, for value received, I having deposited with this obligation as collateral security twenty-five shares Aztec Land Company, seventy-five shares Boston Cab Company, one hundred and sixty shares Florida Commercial Co., twelve shares Quincy Market Cold Storage Company, three hundred fifty-three shares Florida Southern Railroad, and hereby give authority to sell the same, etc.

There is with this note the following:

MAVERICK NATIONAL BANK,

Boston, January 21, 1888.

For value received I hereby guarantee to the Maverick National Bank the full payment on demand of note of A. Q. Miller for \$38,260 of even date, payable on demand, waiving demand and notice.

ASA P. POTTER.

\$38,260—demand.

The body of the guaranty being in the handwriting of Mr. Charles F. Kellogg. Do you know anything of that paper?—A. I do not remember about it.

Q. How did you happen to sign this note?—A. I was trying to think. I do not remember anything about it.

Q. Did you begin to try to think just now?—A. Yes, sir.

Q. Have you not been trying to think it over for a year or more, why you happened to sign that note?—A. I was trying to think when I did sign it.

Q. When did you first know you had signed it after you had signed it?—A. I did not remember about signing it at all.

Q. When the Maverick Bank failed were you reported as owing that amount to the bank?—A. Not that I know of.

Q. When did you first know that that note was outstanding against you in the Maverick Bank?—A. I did not know it until this minute.

Q. Did you not hear that you were a debtor to the Maverick Bank to the extent of \$38,260?—A. Never until I saw it—

Q. And that you had been since January, 1888? Do you remember signing any other note before that?—A. One before.

Q. How large was that?—A. \$38,000 and something, I think.

Q. \$38,000?—A. Somewhere along there.

Q. Did you not ever hear that that was taken up?—A. Yes, sir; it was returned to me paid.

Q. By whom?—A. By mail, I think.

Q. What was your business at the time you signed these notes?—A. I was an advertising agent with S. R. Niles; I was a clerk.

Q. State the circumstances under which you signed the former note and this note.—A. It was presented to me for signature; I do not know by whom, or whether I was spoken to about it before, and then this note was brought in afterwards and signed by me. I remember at the time of speaking to Mr. Niles.

Q. S. R. Niles?—A. Yes, sir; about it, and he said it would be all right.

Q. Did he ask you to sign this note for Mr. Asa P. Potter?—A. I do not remember whether he did or not.

Q. Try to think who asked you to sign a \$38,000 note and to renew a \$38,000 note as long ago as 1888?—A. The first one, the only one I ever remember signing—

Q. This one?—A. The first one.

Q. These two are the only ones you remember signing?—A. That is my signature. I had forgotten that I had ever signed it.

Q. You do not remember having signed a second note?—A. No, sir; I remember the first one very well.

Q. State whether Mr. Potter was with you at the time you signed that note.—A. I do not think he was.

Q. State whether he asked you to sign it.—A. I do not think he did. I think it was brought to the office by a messenger boy, and it was signed and returned by him.

Q. Who had previously spoken to you about signing that note?—A. I think Mr. Niles and Mr. Potter both spoke about it, but I am not sure about that.

Q. State the interview when Mr. Potter, Mr. Niles, and you talked about your signing a \$38,000 note for Mr. Potter.—A. I do not think there was any talk about it, except as I mean that it was a matter of accommodation of some kind.

Q. What was told you about it?—A. That there was to be sufficient collateral with it not to hold me liable at all for any amount of it.

Q. Who told you that?—A. I think it was Mr. Niles, if I am not mistaken, or Mr. Potter; I have forgotten which, it was so long ago.

Q. What was your motive or the inducement to you to sign this note?—A. Nothing, except as a matter of accommodation and at the request of my employer entirely.

Q. An accommodation to Mr. Niles or Mr. Potter or both?—A. I do not know who it was.

Q. You were not in a condition to borrow this amount of money on your own responsibility?—A. No, sir; I am not.

Q. At that time and have not been since?—A. No.

Q. You are not able to pay this note, or any portion of it?—A. No.

Q. How much could you pay on this note?—A. Not very much; I am on a salary.

Q. How much could you pay to get it up?—A. I do not know exactly.

Q. Are you prepared to pay any considerable sum?—A. No, sir.

By Senator CARLISLE:

Q. You are simply on a salary?—A. Yes, sir.

By Senator DIXON:

Q. You derived no benefit from signing this note?—A. No, sir; I was not benefited in any way.

By the CHAIRMAN:

Q. It was simply an accommodation note for Mr. Potter at Mr. Niles's request?—A. At Mr. Niles's request, for Mr. Potter. I do not remember this note at all, I simply remember the other one.

Q. Have you any doubt that this is a renewal of the other note?—A. Probably; it might have been.

By Senator DIXON:

Q. You do not remember anything about this note?—A. No, sir; I do not.

By Senator PEPPER:

Q. Was it your understanding that you were to be held responsible in any way or to any extent for the payment of this note?—A. Not at all.

Q. You understood that you were not to be held responsible?—A. Certainly.

TESTIMONY OF WILLIAM H. RAYMOND.

WILLIAM H. RAYMOND, being duly sworn, testified as follows:

By the CHAIRMAN:

Q. Give your full name.—A. William H. Raymond.

Q. Give your home residence and place of business?—A. No. 779 Main street, Cambridge, is my residence. My place of business is 45 Commercial street, Boston.

Q. Were you a member of the firm of Thomas Dana & Co.?—A. Yes, sir.

Q. You may state whether the various notes that appear in the testimony in this case signed by you and indorsed by Thomas Dana & Co. which went into the Maverick Bank were given by you as accommodation notes for the firm of which you were a member?—A. Yes, sir; they were.

Q. What was the object in having the notes signed by you personally instead of being signed by the firm?—A. That is something I do not know. The financial part of the business is something I had nothing to do with.

Q. What was your business as a member of the firm?—A. I bought goods and sold them; I attended to the outside department.

Q. How long had you been a member of the firm at the time you signed these notes?—A. A good many years; I do not remember exactly.

Q. Had you during all that period been in the habit of signing your own name as a maker of notes which were to be used to raise money for the firm?—A. I do not really remember how long it had been done. Whenever any of the financial people asked me to sign notes I did it.

Q. Being a member of the firm, it made no difference in your liability?—A. It made no difference to me.

Q. State the object in having the notes outstanding in your name, signed W. H. Raymond, instead of firm notes?—A. I never knew what the object was. It was a matter of form which was required, I thought. Anyway, I would have been responsible for the notes of the firm.

Q. It made no difference to you in that respect?—A. No, sir.

Q. Who managed the financial part of the firm?—A. Mr. Delano.

Q. Did you make these notes at his request when you made them?

The WITNESS. You mean when I signed them?

Q. Did you sign them at his request?—A. I do not remember. If he or somebody in the counting rooms would ask me to sign a note I would do it.

Q. You understood that Mr. Delano managed the finances of the firm?—A. Yes, sir.

Q. And that a request for you to make a promissory note proceeded directly or indirectly from him?—A. Yes; I should say so. Well, yes, he was the financier.

TESTIMONY OF SYLVESTER LACEY.

SYLVESTER LACEY, being duly sworn, testified as follows:

By the CHAIRMAN:

Q. Mr. Lacey, state your place of business and your home residence.—

A. I live in the town of Medford. I am at present at work for the Boston and Maine Railroad.

Q. What were you doing on the 21st of December, 1885?—A. I can not answer that now.

Q. How long have you been at work for the Boston and Maine Railroad?—A. A little over three years this time.

Q. Had you worked for the Boston and Maine on a former occasion?—A. Yes, sir.

Q. What were you doing in the meantime?—A. I worked some for a man named T. C. Weeks during the interval.

Q. What is Mr. Weeks's business?—A. I think he was a man who dealt in bonds.

Q. A broker?—A. Something like that.

Q. Did you sign and indorse a note which I now show you?—A. (Examining note.) I think so.

Q. Is it your signature on the back as well as on the front?—A. Yes, sir; I think that is my name.

Q. Have you any doubt about it?—A. No, sir; I do not think so.

Q. I will read the note:

\$39,000.

BOSTON, Dec. 21st, 1885.

On demand, after date, I promise to pay to the order of myself thirty-nine thousand dollars, with interest at six per cent. Value received.

SYLVESTER LACEY.

Indorsed: "Sylvester Lacey," with various payments of interest. Who asked you to sign this note?—A. If any one, it was T. C. Weeks.

Q. Of whom you have spoken?—A. The man I worked for at that time.

Q. Would you not remember who asked you to sign it?—A. I am nearly, not absolutely sure, that if any one asked me it was he.

Q. What were you told when you were asked to sign it?—A. I was merely asked to sign it.

Q. To accommodate whom?—A. T. C. Weeks.

Q. Only Weeks?—A. Only Weeks.

Q. Did you have any knowledge as to whether it was to go into the Maverick Bank?—A. I had no knowledge where it was going.

Q. Did you know it was to accommodate Mr. Potter?—A. Mr. Potter's name was not mentioned.

Q. You had no knowledge of any one except Mr. Weeks?—A. T. C. Weeks was the only one I knew.

Q. Did you ever sign large notes of this nature except for Mr. Weeks?—A. No, sir; not that I remember.

Q. Did you sign many for Mr. Weeks?—A. Yes; quite a good many.

Q. Were you in the habit of doing it?—A. Oh, no, sir; I would not call it a habit.

Q. How large an amount did you sign for at any one time?—A. Possibly that might have been the largest—from fifteen to thirty or forty thousand dollars.

Q. Do you know whether you were liable at any one time for more than \$40,000?—A. Not to my knowledge.

Q. On account of Mr. Weeks?—A. On account of Mr. Weeks.

Q. Did you ever make notes at the request of anybody except Mr. Weeks?—A. Not that I have any knowledge of.

Q. Were you in the employ of Mr. Weeks for the purpose of making notes for him?—A. No, sir.

Q. What was your business?—A. I was messenger.

Q. At the time you made this note?—A. At the time I made this note.

Q. This was between the two periods when you worked for the Boston and Maine Railroad?—A. I must think a moment. (After a pause.) Yes; I went to work for the Boston and Maine in the first place in 1883; February, 1883.

Q. What did you do for the Boston and Maine?—A. Station agent.

Q. At what place?—A. At a little place called Glenwood, in Medford.

Q. Did you make any accommodation notes for anybody while you were at work for the Boston and Maine Railroad?—A. I can not remember. If I have made any, I have no recollection of them.

Q. You have no recollection of any?—A. No, sir.

Q. Where did you go when you left the service of the Boston and Maine Railroad?

The WITNESS. In the first place?

The CHAIRMAN. Yes.

A. I went to work for T. C. Weeks, I think.

Q. About the time you made this note, which was December, 1885?—

A. It was likely that I made it at that time.

Q. What did you do for the Boston and Maine Railroad when you next went to work for them?—A. In the position I am now.

Q. What position do you now hold?—A. I have charge of the oil and passenger train supplies.

Q. In Boston?—A. In Boston.

Q. How long have you had that place?—A. A little over three years.

Q. Have you made notes for Mr. Weeks during that time?—A. No, sir.

Q. During this recent service for the Boston and Maine, have you made notes for any one?—A. No, sir; for no one.

Q. State whether you were paid anything for signing this note?—A. Not a mill.

Q. Why did you do it?—A. Merely because this man asked me. I was in his employ.

Q. Was the salary he paid you supposed to cover the signing of these notes?—A. I will not say that, Senator. I had various duties to perform, and he sometimes came to me and asked me to sign a note for him.

Q. Was the salary he paid you more than he would have paid you if you had not signed these notes?—A. No, sir; I am sure of that.

Q. He would not have paid you any less if you had not signed these notes?—A. No, sir.

Q. Did you know Mr. William Ladd Dodge?—A. Yes, sir.

Q. Was he in the employ of Mr. Weeks at that time?—A. I will not say at that time.

Q. At any time?—A. Yes, sir.

Q. What did he do?—A. Chiefly the outside work, negotiating loans and dealings with the banks.

Q. Did he borrow money for Mr. Weeks?—A. I presume so.

Q. Did Mr. Dodge ever ask you to make a note for the firm.—A. Not that I have any knowledge of.

Q. I wish you would try to remember whether you ever made any notes to accommodate Mr. Dodge.—A. I have no recollection of any. If I have, I do not remember them.

Q. Did Mr. Dodge, to your knowledge, sign notes for Mr. Weeks?—A. He might have done so. I can not say.

Q. Did you ever know or hear that he had?—A. No, sir; I can not say that I have.

Q. Did you not understand when you worked for Mr. Weeks and signed this note that Mr. Dodge also worked for him and signed notes?—A. No, sir; not in that way.

Q. Into what banks in Boston have your notes for sums as large as this gone for discount?—A. I do not know that they went to any bank.

Q. When did you first hear of this note after signing it?—A. To-day.

Q. You never heard of it before?—A. No, sir.

Q. Did you not ever know or hear that that note was outstanding?

The WITNESS. This note?

The CHAIRMAN. Yes.

A. I had not any knowledge until to-day.

Q. Have you not heard before to-day that you owed a note to the Maverick Bank of \$39,000?—A. No, sir.

Q. Did the receiver ever call upon you to pay such a note?—A. No, sir.

Q. You knew when the bank failed?—A. I read about it.

Q. Did you not then read that you were a debtor to the bank to the amount of \$39,000?—A. The first time to-day have I been notified that I was a debtor to the bank.

Q. What did you suppose had become of this piece of paper?—A. I did not know. It was something that never entered my mind, what became of it.

Q. You say the receiver never called upon you to pay it?—A. Never, sir.

Q. Did you suppose that note was outstanding against you?—A. I did not.

Q. What did you think?—A. I thought perhaps it had met the same fate that the others had.

Q. What was that? They had been paid?—A. I never heard anything about them. There never was any trouble about them. They had been paid.

Q. Notwithstanding what you heard at the time of the failure of the

bank, you did not know that this note was outstanding until to-day?—

A. No, sir; I did not.

Q. And you never have been called upon to pay it?—A. No, sir.

Q. Were you able to pay it?—A. No, sir.

Q. Were you when you signed it?—A. No, sir.

By Senator CARLISLE:

Q. When you signed this note were you told that it was to be secured by the deposit of collaterals or otherwise?—A. I was.

Q. Were you told what the collaterals would be?—A. Possibly I might have heard at that time. I have no recollection now.

Q. Was anything said to you about it?—A. No, sir.

Q. You say you signed a number of notes for Mr. Weeks at various times?—A. Well, sir, I would answer it in this way. I have signed several notes at various times for various amounts.

Q. Do you know into what banks they went?—A. I have no knowledge whatever.

Q. They were all paid, as far as you know?—A. Presumably.

By Senator DIXON:

Q. Were you ever called upon to pay any?—A. No, sir.

Q. Have you ever been called upon to pay this one?—A. This is the first time I have had any notice of it.

By the CHAIRMAN:

Q. Did you ever get a bank notice that it was unpaid?—A. Never, sir.

Q. If you want to pay it, call on Mr. Beal, the receiver.—A. Thank you, I shall be very happy to.

TESTIMONY OF BURT EMERSON.

BURT EMERSON, being duly sworn, testified as follows:

By the CHAIRMAN:

Q. State your home residence and business place.—A. My residence is at Bay View, Gloucester. My business is there also.

Q. What is your business?—A. Timekeeper for the Cape Ann Granite Company.

Q. How long have you been employed by the Cape Ann Granite Company?—A. Twenty-two years.

Q. During that period have you been in the habit of making notes for the accommodation of Col. Jonas H. French?—A. No, sir; I can not say "habit."

Q. Have you made such notes?—A. There is one, I think, sir.

Q. When was that made, do you remember?—A. I should say it might be seven or eight years ago.

Q. See if that [handing witness note] is your signature and your indorsement?—A. (Examining note.) It is my signature.

Q. That is your signature?—A. Yes, sir.

Q. On the face and on the back?—A. Yes, sir; both of them.

Q.

\$39,750.

BOSTON, Dec. 21st, 1885.

On demand after date, I promise to pay to the order of myself thirty-nine thousand seven hundred and fifty dollars, payable at Maverick National Bank. Value received.

BURT EMERSON.

Indorsed "Burt Emerson," with sundry indorsements of interest. Who asked you to make that note?—A. Mr. Bennett, our treasurer.

Q. Who is Mr. Bennett?—A. He is treasurer of the Cape Ann Granite Company.

Q. Did you make this note at his request to accommodate Col. French, as you understood?—A. Yes, sir.

Q. That was in December, 1885?—A. Yes, sir.

Q. What did you understand was to be done with it?—A. I had no understanding, sir.

Q. You knew it was to be put in the Maverick Bank and money raised on it for Col. French?—A. I did not understand there was to be money raised on it.

Q. What did you understand about it?—A. I had no understanding.

Q. Did you have any understanding that collateral was to be placed with the note if the note were used?—A. Well, I had reason to expect so—to think so.

Q. You had reason to think so?—A. I do not think it was assured me in any way. There was only the supposition that there was to be.

Q. What made you suppose that collateral would be placed with this note?—A. Because I fully understood that the note was good for nothing with my name without something back of it.

Q. Exactly. You did not understand it would be of any use without collateral?—A. No, sir.

Q. You were not in condition to borrow any such sum on your own account?—A. No, sir.

Q. And are not in any condition to pay it now?—A. No, sir.

Q. How many notes of this kind will you state, as near as you can recollect, you ever signed for anybody?—A. I think that was thesecond; only two.

Q. Two; was this a renewal of a former note?—A. No, sir.

Q. How large was the former note?—A. I do not know that I have a definite recollection of it. I should say it might be something like \$30,000.

Q. How long was that one taken up before this one was given?—A. I can not say how long.

Q. Did you know when it was taken up?—A. No, sir; I do not.

Q. How do you know it was taken up?—A. It was returned to me.

Q. Who gave it to you?—A. Mr. Bennett.

Q. He gave it to you for cancellation sometime before you made this note?—A. Yes, sir.

Q. That was for Col. French's accommodation, as you understood?—A. I think so.

By Senator CARLISLE:

Q. Do you know in what bank the other note was used?—A. No; I have the impression it was the Maverick Bank. I am not positive; I have that impression.

Q. That they were both used in the Maverick Bank?—A. Yes, sir.

By Senator DIXON:

Q. Was this a renewal of the other note?—A. No, sir.

TESTIMONY OF A. J. HOSLER.

A. J. HOSLER, being duly sworn, testified as follows:

By the CHAIRMAN:

Q. What is your first name?—A. Albert.

Q. Where is your home residence?—A. No. 61 Phillips street.

Q. Boston?—A. Boston.

Q. What is your father's name?—A. George.

Q. His middle name?—A. E.

Q. How old are you?—A. Twenty-five years old.

Q. What is your business?—A. Clerk with Hyde, Dickinson & Howe.

Q. What business do you do for them?—A. General office work; clerk.

Q. General office work?—A. Yes, sir.

Q. How long have you been with them?—A. Seven or eight years.

Q. State whether or not you have been in the habit of making notes for Mr. Hyde?—A. Yes, sir; I have, at times.

Q. To what extent have you loaned Mr. Hyde your credit?—A. I did not say that I had loaned him my credit.

Q. To what extent have you made notes for him?—A. I do not remember.

Q. Now, remember some of the notes you have made for Mr. Hyde.—A. I have not made so many, but I do not remember. There was one for \$39,000; something of that sort.

Q. Did you make one note for \$49,241.76, dated July 17, 1890?—A. It might have been; I do not know.

Q. Have you any doubt that that is the note?—A. I do not remember the figures.

Q. Put your memory on the figures and see how near you can guess?—A. This is not guesswork.

Q. Perhaps not, but the committee would like, as near as you can give it, your recollection of this financial transaction of yours.—A. I do not remember; it states there, and I guess that is it.

Q. Are you willing to say it is \$49,241.76?—A. It must be that, if that states it.

Q. "It must be that if that states it;" not necessarily. State the circumstances which led you to lend Mr. Henry D. Hyde your note for that amount?—A. I did not lend Mr. Hyde my note.

Q. Mr. Hosler, state just exactly what you did in connection with this note of \$49,241.76.—A. He asked me one day if I would sign a note for him, and he was to put up collateral.

Q. Where did this conversation take place?—A. In his office.

Q. What else did he say?—A. He did not say anything else.

Q. What did you say?—A. I told him "yes."

Q. Did you sign the note at that time?—A. I might have, or the next day, or that afternoon. Probably at that time. I do not remember.

Q. Who handed you the note to sign?—A. Probably someone in the bank, or Mr. Hyde; I do not remember.

Q. In what bank?—A. The Maverick bank.

Q. Did you understand that the note which you were to sign was to go into the Maverick Bank?—A. I did not pay any particular attention to it.

Q. You did not know whether it was to go into the Maverick Bank or some other bank?—A. No, sir.

Q. What took place when you signed that note?—A. Nothing took place; I signed the note.

Q. Who submitted it to you for signature?—A. It might have been Mr. Hyde; I do not remember now.

Q. Try to remember that.—A. I can not; it is too far back.

Q. Have you any impression now as to whether Mr. Hyde handed you the note for signature or whether some one else did?—A. I do not. I came in there with him and signed the note.

Q. You went into his office and signed it?—A. Yes, sir.

Q. What were you told about collateral to be used with the note?—A. Some collaterals.

Q. Were you told what the collateral was to be?—A. Some collaterals.

Q. Describe the collateral.—A. I did not see them.

Q. What did you understand they were to be?—A. Stevens mortgages; mortgages on property in Back Bay.

Q. You were told that at the time?—A. Yes, sir.

Q. Were you told that they were second mortgages, and that first mortgages on three of the pieces of property were in the Maverick Bank and that on the fourth piece was in another bank?—A. No, sir; I was not told that.

Q. Did you ever learn that fact?—A. No, sir.

Q. Did you know whether these were first or second mortgages?—A. No, sir; I did not look. He merely said they were mortgages.

Q. What he said was that they were mortgages on Back Bay land, made by Mr. Stevens?—A. Yes, sir.

Q. He did not tell you that they were second mortgages, three of the first mortgages being in the Maverick Bank?—A. No, sir.

Q. When did you next hear of this note?—A. After the bank's failure.

Q. Were you called upon to pay it?—A. No.

Q. Were you ever in a condition to borrow such a sum of money or to pay a note of this size?—A. No.

Q. Did you receive any compensation from Mr. Hyde for signing this note?—A. No, sir.

Q. Beyond your regular salary?—A. No.

Q. You have never been paid anything by Mr. Hyde except your regular salary?—A. That is all.

Q. Do you know anything about your father's making a note for Mr. Hyde?—A. I know nothing about that. All I know is my own transaction. I do not know about anybody else.

Q. You do not know?—A. No, sir.

Q. Did you not get your father to make a note for Mr. Hyde?—A. No.

Q. Are you sure of that?—A. Yes, sir.

Q. Do you know how Mr. Hyde happened to ask your father to sign that note?—A. I do not know that he made one. I do not know anything about him. All I know about is my own transactions.

Q. Are your relations with your father good?—A. Naturally.

Q. You see him from time to time?—A. Yes, sir; from time to time.

Q. You never knew that he had made a note for Mr. Hyde?—A. No, sir; I did not know anything about it.

Q. Did you ever know that he had made a note for Mr. Hyde?—A. I do not know anything about it.

Q. Have you ever heard that he made a note for Mr. Hyde?—A. I have heard lots of things.

- Q. Did you ever hear that thing?—A. I do not know.
- Q. Did you ever hear that thing—that your father had made a note for Mr. Hyde?—A. No, sir.
- Q. You say you never did?—A. No, sir.
- Q. You never heard such a thing?—A. No.
- Q. Do you mean to say that you never heard that your father had made a note for Mr. Hyde?—A. I do not know anything about it.
- Q. Have you ever heard down to this day that your father had made a large note for Mr. Hyde?—A. No, sir.
- Q. Did your father have anything to do with your making this note for Mr. Hyde?—A. I told you that my transaction was with Mr. Hyde. I know nothing about my father.
- Q. I understand. Did your father have anything to do with your making this note for Mr. Hyde?—A. I told you my transaction was with Mr. Hyde.
- Q. We understand.—A. I did not say anything about my father.
- Q. We understand you had a transaction with Mr. Hyde. We want to know whether your father knew anything about it.—A. I do not know anything about that. I had my transaction with Mr. Hyde. I do not know whether he knew it or you knew it.
- Q. Where was your father at the time?—A. I do not know.
- Q. Was he in Boston?—A. I do not know.
- Q. Are you sure he was not there when you signed this note for Mr. Hyde?—A. I did not see him. If he had been there I would have seen him. There was nobody there but Mr. Potter.
- Q. You do not think he was there?—A. No, sir.
- Q. You are quite sure now he was not there?—A. Yes, sir.
- Q. Was he there when you signed the note for Mr. Hyde?—A. Oh, I refuse to answer those questions. I told you there was nobody there but Mr. Potter.
- Q. Where was Mr. Potter at the time?—A. I do not know anything about Mr. Potter. I said Mr. Hyde.
- Q. How did you happen to mention the name of Mr. Potter; because you see him over here?—A. Possibly.

TESTIMONY OF CORNELIUS J. COLAN.

CORNELIUS J. COLAN, being duly sworn, testified as follows:

By the CHAIRMAN:

- Q. What is your first name?—A. Cornelius J.
- Q. How old are you?—A. Twenty-three.
- Q. Where is your home residence and place of business?—A. Crescent Beach, home residence; place of business, 75 Devonshire street.
- Q. Did you sign a note for the accommodation of Irving A. Evans & Co. for \$36,000?—A. I signed some note. I did not know for what amount until I read it in the papers.
- Q. About as large a sum as that?—A. I did not know what the sum was.
- Q. Was it a very large sum of money?—A. I can not say. I did not know what the sum was.
- Q. Was it a very large sum of money?—A. I can not say. I did not know at the time.
- Q. Give us some idea.—A. I can not tell you. I do not know anything about it.

Q. Was it a sum beyond your means if you had it to pay?—A. I did not know I was signing it at the time.

Q. What was your business with the firm?—A. I used to relieve the telegraph operator and put up stocks.

Q. On the blackboard?—A. Yes, sir.

Q. How long had you been there when you signed this note?—A. Five or six years.

Q. The work you have described is what you did for Irving A. Evans & Co?—A. Yes, sir.

Q. You were not employed to have anything to do with the finances of the concern?—A. No, sir.

Q. How did you happen to sign this note?—A. Mr. Tobey asked me if I would sign it.

Q. State everything; just how it occurred.—A. He called me up to the desk and said, "Con, will you put your name down there?" I said, "I do not care." I put it down. I did not know what it was for.

Q. You knew it was a note by the looks?—A. Yes, sir. He held his hand over the top part.

Q. You did not see the amount of the note?—A. No, sir.

Q. Could you not have seen it as you looked at it with his hand over it?—A. No, sir.

Q. Why did you not insist upon seeing what you signed?—A. Irving A. Evans & Co. was such a big house that I did not think they would do anything wrong. I thought if they asked me it was all right.

Q. If it was all right, why should he cover up a part of the paper?—A. I did not think until afterwards that he was doing that intentionally.

Q. You did not think so at the time?—A. I did not think so at the time. I think so now.

Q. What do you think now?—A. I think he covered it up intentionally.

Q. You do not think he wanted you to know how large it was?—A. No, sir.

Q. Suppose you had seen it was a promise on your part to pay \$36,000 on demand to the Maverick National Bank, would you have signed it?—A. I might have. I can not tell now.

Q. You can not state now what your state of mind might have been at that time?—A. No, sir.

Q. You are willing to state to the committee that you did not know it was for so large a sum?—A. I did not.

Q. Was this the only time you ever signed a note for them?—A. I think I signed two or three others.

Q. Did you ever hear of the others?—A. No, sir.

Q. You do not know what became of them?—A. No, sir.

Q. Who asked you to sign those notes?—A. Mr. Tobey; the same man.

Q. Did you know what you were signing when you signed those?—A. No, sir. Some of them were blank.

Q. How many do you think you ever signed in blank?—A. Two or three.

Q. You knew they were promissory notes?—A. I knew they were some kind of notes.

Q. You knew they were notes to pay money?—A. Yes, sir.

Q. You believed they would use them to borrow money?—A. Yes, sir.

Q. And yet you signed them in blank?—A. Yes, sir.

Q. Was anything told you as to how large an amount was to be written in?—A. No, sir.

Q. Was anything told you about the firm having taken up and paid those notes?—A. No, sir.

Q. Nothing of that sort?—A. No, sir; I was only asked to sign them.

Q. Do you know of any notes of yours outstanding?—A. No, sir.

Q. This note was taken up in a settlement, you understand?—A. I do not know anything about it.

Q. Do you know that it has been taken up and canceled and a settlement made?—A. I do not.

Q. Do you know of any other note of yours outstanding?—A. No, sir.

Q. Were you ever paid anything or promised anything by Mr. Tobey for signing these notes?—A. No, sir.

By Senator CARLISLE:

Q. Mr. Colan, how long ago did you begin to sign these notes?—A. I should say about three years ago from this time.

Q. Did you sign any of them before you were 21?—A. I do not believe I did.

The CHAIRMAN. The committee announces that its public sessions are closed for the present.

At 3 o'clock and 30 minutes p. m. the doors were closed, and the committee proceeded to the consideration of executive business.

PRIVATE SESSION.

TESTIMONY OF WILLIAM D. CHANDLER—Recalled.

By the CHAIRMAN:

Q. State whether or not, since you were examined on a prior occasion, you have examined certain reports made by the Maverick Bank to the Comptroller of the Currency, and also the copies of those reports retained by the bank; and if so, state the first report and retained copy which you examined?—A. Yes, sir; I have. The first report was June 30, 1888.

Q. State whether that was the first time the bank was required to return a list of its excessive loans.—A. It was.

Q. You may state generally what papers you have examined.—A. I have examined, as you have stated, the reports and retained copies.

Q. Have you examined all the original reports that came from the Comptroller of the Currency?—A. From June 30, 1888, to September 25, 1891; yes, sir.

Q. And all the copies retained by the bank since June 30, 1888?—A. Yes, sir. Those were the copies of the reports of condition to the Comptroller of the Currency, which were retained by the bank.

Q. How many of those reports are printed in the testimony?—A. Nine.

Q. As mentioned on page 4 of the testimony. State generally whether you found that the report actually made to the Comptroller is upon one piece of paper?—A. Upon several pieces of paper but always joined together. The report made to the Comptroller is on the printed form, with certain parts of it written on paper. These parts were put on separate papers, and they were attached to the printed form, because there was not sufficient room to write on the printed form all that was required.

Q. Making the report of the Comptroller one piece of paper?—A. Practically one piece.

Q. How do you find the bank's retained copies?—A. I find their copies to be on two pieces of paper.

Q. Describe them.—A. There is, in all but one instance, a copy of the printed form filled in, and with it is a sheet, an explanatory sheet, that shows how certain portions of the report were made up; shows the clerical work, apparently, that was done.

Senator CARLISLE. The details?

The WITNESS. The details of one of the schedules on the back part of the report.

By the CHAIRMAN:

Q. You find one explanatory sheet with all the retained copies except the report of September 25, 1891, which was the last one?—A. Yes, sir; the last.

Q. Are the reports and the retained copies of the reports upon the same form of blank?—A. Yes, sir.

Q. The same printed blank form?—A. Yes, sir; with one exception. Apparently they lost or spoiled one, and used a piece of paper. It is the same thing.

By Senator DIXON:

Q. There was no change in the printed form used for the last report from the preceding reports?—A. There were minor changes. There were changes in the form of the jurat.

Q. Those changes would not account for leaving out the slip?—A. No, sir. There is no change as to loans and discounts, and no material change anywhere. There may have been minor ones.

By the CHAIRMAN:

Q. Do you find with the retained copies other papers; if so, what are they?—A. I found small slips of paper, which were apparently credit blanks, with details written upon them, probably used in making up the report.

Q. Were they slips like that which you spoke about when you testified before?—A. Yes, sir; similar to that.

Q. Showing the omission of certain overloans?—A. Yes, sir.

Q. In how many reports do you find those slips—out of how many?—A. I think there were slips with seven reports.

Q. How many reports were there without slips?—A. Ten. I think there were seventeen reports in all.

Q. Now, you may begin with the first report, and state with reference to overloans and loans to directors what you find, and also state in whose handwriting the reports and retained copies are made?—A. I commence with June 30, 1888, and find that the loans exceeding the legal limit are listed in both original and retained copy in the handwriting of Charles F. Kellogg. There is no slip and no difference between the original and the retained copy. There is one explanatory sheet with this report. I will read, in all cases, from a portion of the sheet details regarding overloans of directors, which are stated on each report.

Q. You have taken that off in each case?—A. I have taken that off in each case. They indicate on the report and likewise retain in the copy simply the amount which is listed under the head "Liabilities of directors (individual and firm) as payors." I have taken off the detail from which that is given, in each case.

Q. What is that in June 30, 1888?—A. Directors—A. P. Potter, \$29,706.61; T. Dana, \$3,000; J. H. French, \$39,839.64; N. B. Mansfield, \$23,935.10; H. F. Woods, \$26,800; total, \$123,281.35.

Q. State in each case whether there is an overloan.—A. There were no overloans in this instance.

Q. Proceed with the further reports.—A. Report of October 4, 1888. The loans exceeding the legal limit, both in the original and retained copy are in the handwriting of Charles F. Kellogg. There is no slip with this report. There is an explanatory sheet with this report, from which I copy the following: Directors—A. P. Potter, \$28,206.61, changed from \$68,206.61; T. Dana, \$43,000; J. H. French, \$40,580.10, changed from \$80,580.10; N. B. Mansfield, \$29,035.10; H. F. Woods, \$24,824.67. The total is \$165,646.48, changed from \$245,646.48. I find overloans here to Messrs. Potter, Dana, and French. I have facsimile of this extract and of entry on original report. (See facsimile.)

By Senator DIXON:

Q. Were those changes made in the report?—A. Changed from the explanatory sheet.

By the CHAIRMAN:

Q. As the directors' liabilities were originally written there they would have been over \$200,000, and there being but five directors the Comptroller would have known that one director must have borrowed more than \$40,000?—A. Yes, sir; it would have been necessary for them to report some of their directors as overborrowers.

Q. And apparently, to avoid doing that, they have taken \$40,000 off of one director and \$40,000 off of another; is that so?—A. Yes, sir.

Q. What is the next?—A. Report of December 12, 1888. The loans exceeding the legal limit, both in the original and retained copy, are in the handwriting of Charles F. Kellogg. There is no slip with this report. There is an explanatory sheet, from which I take the following: Directors—A. P. Potter, \$54,000; T. Dana, \$42,925.87, changed from \$122,925.87, in pencil; J. H. French, \$40,580.10; N. B. Mansfield, \$18,035.10; H. F. Woods, \$24,824.31. The total is \$180,365.38 changed from \$260,365.38. I find overloans here to Messrs. Potter, Dana, and French.

Q. State whether you have a photographic slip that shows this change in the loans of directors.—A. Yes, sir; and likewise one showing the entry of directors' liabilities in original report. (See facsimiles.)

Q. What appears to have been changed?—A. Eighty thousand dollars appears to have been deducted from the indebtedness of Thomas Dana. Report of February 26, 1889. The loans exceeding the legal limit, both in original and retained copy, are in the handwriting of Charles F. Kellogg. There is no slip with this report, but there is an explanatory sheet, from which I take the following: Directors—A. P. Potter, \$60,704.81; J. H. French, \$21,802.12; T. Dana, \$30,500; N. B. Mansfield, \$23,535.10; H. F. Woods, \$21,491. The total is \$158,033.03. There is no change. A. P. Potter is the only overborrower on the list.

Report of May 13, 1889. The loans exceeding the legal limit, both in original and retained copy, are in the handwriting of Charles F. Kellogg. There is no slip with the report, but there is an explanatory sheet, from which I take the following: Directors—A. P. Potter, \$33,000; J. H. French, \$29,052.12; H. F. Woods, \$21,491; T. Dana, \$53,000; J. W. Work, \$29,475; and the total is \$166,018.12. T. Dana appears to be the only one listed as having overborrowed.

Maverick National Bank.

REPORT TO COMPTROLLER OF OCTOBER 4, 1888.

The original report and the copy retained by the Bank stated the liabilities of directors as follows :

"Liabilities of Directors (individual and firm) as payers, \$165,646.48," as upon the second page following.

The explanatory sheet which was found with the Bank's retained copy was as follows :

<u>Directors</u>			
A. P. Potter	28	206	61
Thos Dana	43	00	0
J. H. French	40	580	10
W. B. Mansfield	29	035	10
H. F. Woods	24	824	67
	<hr/>	<hr/>	<hr/>
	165	646	48

The liability of A. P. Potter was changed in pencil from \$68,206.61 to \$28,206.61, and that of J. H. French from \$80,580.10 to \$40,580.10, and the footing changed from \$245,646.48 to \$165,646.48 in order to bring the total reported to Washington below \$200,000 so as not to show, as it otherwise would, that at least one of the five directors must have had an overloan of more than \$40,000.

Maverick National Bank.

REPORT TO COMPTROLLER OF DECEMBER 12, 1888.

The original report and the copy retained by the Bank stated the liabilities of directors as follows :

“Liabilities of Directors (individual and firm) as payers, \$180,365.38,” as upon the second page following.

The explanatory sheet which was found with the Bank's retained copy was as follows :

<u>Directors</u>			
A.P. Potter	54	00	0
Thos. Dana	42	92	587
J.H. French	40	58	070
W. Mansfield	18	03	570
H. Woods	24	82	431
	180	36	538

The liability of Thomas Dana was changed in pencil from \$122,925.87 to \$42,925.87, and the footing changed from \$260,365.38 to \$180,365.38, in order to bring the total reported to Washington below \$200,000, so as not to show, as it otherwise would, that at least one of the five directors must have had an overloan of more than \$40,000.

LOANS AND DISCOUNTS.

On paper with two or more individual or firm names-----	\$ 2,119,320.44	for debit
On single-name paper (one person or firm), without other security-----	\$ 1,027,693.82	
On mortgages and other real-estate security— <i>How acquired?</i> -----	\$ 960.	
On U. S. Bonds (demand loans)-----	\$ 9500.	
On other stocks, bonds, &c. (demand loans)-----	\$ 3,015,589.01	
On loans, secured by collaterals-----	\$ 663,024.75	
<i>Included in the above are—</i>		
Bad debts, as defined in section 5204, Rev. Stat-----	\$ 000	
Other suspended and overdue paper-----	\$ 38,781.29	
Liabilities of directors (individual and firm) as payees-----	\$ 165,646.48	
	6,836,088.02	

Schedule of "Loans and Discounts" from Original Report of October 4, 1888.

LOANS AND DISCOUNTS.

On paper with two or more individual or firm names -----	\$ 1,922,963.89	<i>For Debt.</i> 6299,613.09
On single-name paper (one person or firm) without other security -----	\$ 794,241.71	
On mortgages and other real-estate security— How acquired? -----	\$ 930	
On U. S. Bonds (demand loans) -----	\$ 9,500	
On other stocks, bonds, &c. (demand loans) -----	\$ 3,040,968.99	
On time, secured by collateral -----	\$ 531,008.50	
<i>Included in the above are—</i>		
Bad debts, as defined in section 520A, Gen. Stat. -----	\$ -----	
Other suspended and overdue paper -----	\$ 41,133.67	
Liabilities of directors (individual and firm) as payees -----	\$ 180,365.38	

Schedule of "Loans and Discounts" from Original Report of December 12, 1888.

Maverick National Bank Report to Comptroller of September 30, 1889.

With the Bank's retained copy of the report was found a slip as follows :

CREDIT.

188

L. P. Hollender & Co.	✓	475.00	
Jones & Co.	✓	20.0000	
E. Racine, Morse & Bro	✓	50.0000	
Whitney	✓	70556	70
Jordan Marsh & Co.	✓	50	
Buecard	✓	49155	03
First Nat Bank (overdrawn)	✓	50.0000	
C. W. Clark		45407	50
Snyder	✓	105919	
E. Jenkins	✓	48875	
E. Raymond		71169	08
Lindsay		22036	07
Valpey & Anthony	✓	75	
J. M. Stearns		60	
N. W. Jordan	✓	65	
Bacon	✓	84050	
Greenman Meade & Co.	✓	75	
Evans	✓	122	100
J. Dana		43	
Lambard Iron Co.	✓	50	

This slip without the erasures was made up by the Discount Clerk to show the loans in excess of \$40,000.

On the page following is shown the report as actually made to the Comptroller after the erasures had been made by some one.

The total amount of overloans on the slip is \$1,593,126.83.

The total amount reported to the Comptroller was \$1,148,155.76.

LOANS Exceeding the Limit Prescribed by Section 5200 of the Revised Statutes, including Amounts in Excess of this Limit due from State and Private Banks and Bankers.

L.P. Hollander & Co	47,500 00	E.J. Jenkins	48,875 00
Jones Cook & Co	200,000 00	Valpey & Anthony	75,000
E. Collins Moore & Co	55,000	N.W. Jordan	65,000
Tim. Whitney	70,556 73	W.B. Bacon	84,050
Jordan & Marshall	50,000	Coleman & Marshall	75,000
John R. Bullard	49,155 03	J.A. Evans & Co	122,100 -
First Nat Bank Concord NH	50,000	Leahurst Investment Co	50,000 -
H.D. Hyde	105,919 00		

We will endeavor to reduce the above

Schedule of Loans exceeding Legal Limit from Original Report of September 30, 1889.

Report of July 12, 1889. The loans exceeding the legal limit, both in original and retained copy, are in the handwriting of Charles F. Kellogg. There is no slip in this report, but there is an explanatory sheet, from which I take the following: Directors—A. P. Potter, \$16,500; J. H. French, \$40,542.12; T. Dana, \$45,502.04; H. F. Woods, \$28,420.59; J. W. Work, \$39,875; and the total is \$170,839.75. There is an erasure in Dana's amount and in the footings. In the retained copy there is an erasure to make \$170,839.75; and in original some traces of erasures to make \$170,839.75. Apparently Dana's amount has been reduced \$60,000 and the footings likewise reduced to correspond. Messrs. Dana and French are overborrowers.

The CHAIRMAN. That is where there seem to be signs of scratching.

By Senator CARLISLE:

Q. As I understand, that written statement of the amount of loans to directors individually is not put into the report sent to the Comptroller, but the gross amount simply is given?—A. Yes, sir; that is it. I can show you on the report here exactly.

Q. It is unnecessary to do that. Just state whether that is the fact.—A. The total amount is reported as the total liabilities of directors.

Q. Without giving their names?—A. That detail is not called for by the Department.

Q. That detail would show if there had been overloans?—A. If the bank had given it.

By the CHAIRMAN:

Q. The detailed copies were always retained by the bank?—A. Yes, sir; the gross sum is stated in the report here [indicating].

Q. Above the list of excessive loans?—A. Yes, headed "Loans and discounts." It shows certain detail, and this sheet, which we found, is the sheet from which the bank made up the figures to return to the Comptroller.

The CHAIRMAN. Go on with the next one.

A. Report of September 30, 1889. The loans exceeding the legal limit, both in the original and the retained copy, are in the handwriting of Charles F. Kellogg. The slip found in this report, we were informed, was in the handwriting of W. H. Dunbar, who now lives in New York City, but later that it was written by Mr. Bishop. The slips ordinarily found with the retained copies of these reports are on narrow blank sheets with the word "credit" printed at the top. I found the explanatory sheet with this report.

Q. The slip to which you allude was put in evidence by you the other day?—A. Yes, sir.

Q. Have you now a photograph of it?—A. Yes, sir; and likewise a photograph of that portion of the original report which was returned to the Comptroller of the Currency.

Q. State the total amount shown by the original report and the total amount shown by the slip, and the difference between them, if any.—A. The amount of excessive loans reported to the Comptroller was \$1,148,155.76; the amount shown by the slip is \$1,593,126.83. The amount on the slip exceeds that reported to the Comptroller by \$444,971.07. I put in the two photographs. [See facsimiles.]

The liabilities of the directors are shown by the explanatory sheet to be as follows: Directors, A. P. Potter, no amount; J. H. French, \$40,092.12; T. Dana, \$43,000; H. F. Woods, \$24,824.34; J. W. Work, \$39,725; and the total is \$147,641.46. There are overloans to Messrs. French and Dana.

Report of December 11, 1889. The loans exceeding the legal limit, both in the original and the retained copy, are in the handwriting of Charles F. Kellogg. There is no slip with this report, but there is an explanatory sheet, from which I take the following: Directors, A. P. Potter, \$13,000; J. H. French, \$40,092.12; T. Dana, \$58,000; H. F. Woods, \$21,491.34; J. W. Work, \$36,325, and the total is \$168,908.46. I find overloans to Messrs. French and Dana.

By Senator CARLISLE:

Q. There is no change?—A. No change; that total is under \$200,000, so that there was no necessity for any change.

By the CHAIRMAN:

Q. You found but two cases where there were changes?—A. I think not more; but if there were more it will be noted as I proceed. We now come to reports that are shown in the printed testimony.

Report of February 28, 1890. Testimony page 5. The loans exceeding the legal limit, both in the original and the retained copy, are in the handwriting of Charles F. Kellogg. There is no slip with this report; but there is an explanatory sheet, from which I take the following: Directors: A. P. Potter, \$41,000; J. H. French, \$40,092.12; T. Dana, \$60,404.71; H. F. Woods, \$23,245.50; J. W. Work, \$22,425, and the total is \$187,167.33. On this slip Messrs. Potter, French, and Dana appear as overborrowers.

Report of May 17, 1890. Testimony page 8. The loans exceeding the legal limit, both in the original and the retained copy, are in the handwriting of Charles F. Kellogg. There was no slip with this report, but there is an explanatory sheet, from which I take the list of directors' loans as follows: Directors: A. P. Potter, \$23,000; J. H. French, \$40,092.12; T. Dana, \$67,904.71; H. F. Woods, \$17,100; J. W. Work, \$8,925, and the total is \$157,021.83. Messrs. French and Dana appear to have had overloans. The loans to the other directors were so small that there was still no necessity of making any alterations.

Report of July 18, 1890. Testimony page 11. The loans exceeding the legal limit, both in the original and the retained copy, are in the handwriting of Charles F. Kellogg. The slip found with this report is in a different handwriting from that on the slip with the report of September 30, 1889, and is supposed to be that of Frank E. Smith. I put in here the photographic reproductions of this slip and a part of the original report. [See facsimiles.]

The amount shown by the report to the Comptroller is \$1,189,948.98; the amount shown by the slip is \$1,614,264.12. The amount on the slip exceeds the amount reported to the Comptroller by \$424,315.14. I find an explanatory sheet with this report from which I take the following regarding directors' liabilities. Directors: A. P. Potter, \$25,500; J. H. French, \$40,092.12; T. Dana, \$45,404.71; H. F. Woods, \$15,500; J. W. Work, \$6,425, and the total is \$132,921.83. Messrs. French and Dana are overborrowers.

Report of October 2, 1890. Testimony page 14. The loans exceeding the legal limit, both in the original and the retained copy, are in the handwriting of Charles F. Kellogg. The slip found with this report is apparently in the handwriting of Frank E. Smith; but the last line, "Charles W. Clark, \$45,384.63," is in the writing of Charles F. Kellogg; and the Henry D. Hyde amount, \$56,508.93, is in Charles F. Kellogg's handwriting, written over an original entry of \$90,404.79, nearly erased with a knife. I put in photographic reproductions of this slip and also

Maverick National Bank Report to Comptroller of July 18, 1890.

With the Bank's retained copy of the report was found a slip as follows:

CREDIT.

July 18⁹⁰

90 188

D M Sabau	70
H W Whitney	9076673
J R Whipple	90
W B Bacon	45120
Chas O Clark	4538763
J W Evans & Co	80070
L O Gerritt	4078851
J W Anderson	40600
A W Jordan	65000
T S McGowan	8002027
J P Ballard	477553
West End St Ry	50
J A Anderson	50055
Henry O Hyde	5650893
Francis Jones	700
James Cook & Co	200
C A Kellogg	4408872
J W Macintosh & Co	43
Shepley & Binney	60
Chas A Swallow	12086417
Thos W. ...	...

This slip without the erasures was made up by the Discount Clerk to show the loans in excess of \$40,000. On the page following is shown the report as actually made to the Comptroller after the erasures had been made by some one.

The total amount of overloans on the slip is \$1,614,264.12.
The total amount reported to the Comptroller is \$1,189,948.98.

LOANS Exceeding the Limit Prescribed by Section 5200 of the Revised Statutes, including Amounts which Exceed this Limit due from State and Private Banks and Bankers.

Name of Borrower.	Enter full amount of loan.	Name of Borrower.	Enter full amount of loan.
D. M. Lubin inc.	70 000 00	J. F. Anderson new	50 055 00
H. M. Whitney red.	90 766 73	Henry D. Hyde new	56 508 90
J. R. Whiteley red.	90 000 00	Jones Cook & Co same	500 000 00
W. B. Bacon same	45 120 00	J. M. Mackintosh & Co red.	43 000 00
D. A. - Evans & Co red.	50 070 00	Sheehan & Bunney new	60 000 00
L. O. G. arnett same	40 788 51	Chas A. Sinclair new-	120 864 17
M. W. Jordan same	65 000 00		
D. S. Mc Gowan same	80 020 27		
J. R. Bull and same	47 755 37		
Went out from Railway same	50 000 00		

we will endeavor to have them reduced as they become due

Schedule of Loans exceeding Legal Limit from Original Report of July 18, 1890.

Maverick National Bank Report to Comptroller of October 2, 1890.

With the Bank's retained copy of the report was found a slip as follows :

CREDIT.

CERTIFIED CHECKS.

Oct. 2 _____ 1890

A. M. Whitney	90 766 73
J. R. Whipple	75 00 00
W. B. Bacon	70 120
L. O. Garrett	407 88 51
A. H. Jordan	65 000
T. S. McGowan	800 20 27
J. R. Bullard	484 75 37
West End St. Bk. Co.	50
J. F. Anderson	50 050 -
Henry D. Hyde	\$6 508 92
Frank Jones	200
James Cook & Co.	200
Chas. A. Sinclair	120 861 17
Moore & Schley	100
Chas. W. Clark	45 394 63

This slip without the erasures was made up by the Discount Clerk to show the loans in excess of \$40,000. The last line is an addition made by C. F. Kellogg, as was the change in the Henry D. Hyde amount.

On page following is shown the report as actually made to the Comptroller.

The amount of overloans on slip, and reported to Comptroller, is in both cases \$1,292,983.61, unless account is taken of the reduction in the Henry D. Hyde amount.

LOANS Exceeding the Limit Prescribed by Section 5200 of the Revised Statutes, including Amounts which Exceed this Limit due from State and Private Banks and Bankers.

Name of Borrower.	Enter full amount of loan.	Name of Borrower.	Enter full amount of loan.
H. M. Whitney	90 766 73	J. R. Amelund	48 475 37
J. R. McPherson	75 000	West End Store Co	50 000
W. B. Bacon	70 120	T. Anderson	50 055
L. O. Gannett	40 788 51	Henry D. Hyde	56 508 93
T. W. Jordan	65 000	James C. Cook & Co	200 000
D. J. McGovern	80 220 27	Chas A. Farolan	120 864 17
Frank Jones	200 000	None & Stebbins	100 000
Chas. W. Clark	45 384 63		

Schedule of Loans exceeding Legal Limit from Original Report of October 2, 1890.

CREDIT.

Dec 19 1890

Jones Cook & Co	95000
N.M. Sabau	165000
John R Ballard	47755 37
Candler John H.	43218
J. Evans & Co	135120
Florida Com'l Co	72420
L. O. Garrett	4078851
Chas W. Clark	45384 63
J. Albert Hosler & Collier	49741
A. Matthews	45
J. Reed Whipple	70000
West End S. Ry. Co	60762
A. W. Jordan	49000
G. S. McGowan	80020 27
Chas A Sinclair	120864 17

Amount on slip, \$1,119,573.95. No erasures, correct amounts reported to Comptroller.

MAVERICK NATIONAL BANK.

Slip found in the retained copy of Report to Comptroller of February 26, 1891.

CREDIT.

Feb 26 1891

Jones Cook & Co	95000
A M Sabien 32500	202500
John R. Bullard	4775037
Candler John W 227531	4321831
J A Coons & Co	183470
Florida Quil Co	72420
L. O. Garrett	4178851
Chas W. Clark	4538463
J Albert Hosley & Colet <i>22 July</i>	4924176
St Matthews	45000
J Reed Whipple	70000
A W Jordan	49000
T S Webber	8002027
C A Sinclair	12086417
D Dana	60369
J H French	5808833
L P Hollander & Co	50000
C A Kellogg	6763125
Edwin Trust Co	50000
Switzerland Mills	80615

The Dana and French amounts were omitted in the report to the Comptroller, and also the Kellogg, Boston Fruit Co., and Groveland Mills amounts.
 Correct overloans as per slip, \$1,462,361.60.
 Reported to the Comptroller, \$1,264,115.35.
 Omitted, \$198,246.25.

of that part of original report which shows the liabilities of directors. [See facsimiles.]

The amount reported to the Comptroller is \$1,292,983.61; the amount listed on slip is the same, if no attention is paid to the apparent alteration made in the Hyde amount. If the larger and indistinct amount opposite Hyde's name is taken as the one to use in figuring the amount on slip, then the amount on the slip is \$1,326,879.47, and the difference between the amount on the slip and the amount reported to the Comptroller is \$33,895.86.

I find an explanatory sheet with this report from which I take the data regarding loans to directors, as follows: Directors: A. P. Potter, \$37,000; J. H. French, \$40,092.12; T. Dana, \$48,369; H. F. Woods, \$19,500; J. W. Work, \$6,925, and the total is \$151,886.12. French and Dana are overborrowers.

Report of December 19, 1890; testimony page 17. The loans exceeding the legal limit, both in the original and the retained copy, are in the handwriting of Charles F. Kellogg. The slip found with this report is apparently in the handwriting of Frank E. Smith and is unaltered. The amount reported to the Comptroller and that shown on the slip are in both cases the same, namely, \$1,119,573.95. I put in a photographic copy of the slip. [See facsimile.]

I find an explanatory sheet with this report, from which I take the usual data regarding loans to directors. Directors: A. P. Potter, \$50,000; J. H. French, \$40,092.12; T. Dana, \$45,869; H. F. Woods, \$18,500; J. W. Work, \$9,925, and the total is \$164,386.12, and I find there that Messrs. Potter, French, and Dana are overborrowers.

Report of February 26, 1891; testimony page 20. The loans exceeding the legal limit, both in the original and the retained copy, are in the handwriting of Charles F. Kellogg. The slip found in this report is apparently in the handwriting of Frank E. Smith, and I put a photographic reproduction of it in evidence. [See facsimile.]

The amount of overloans reported to the Comptroller is \$1,264,115.35; the amount shown by the slip is \$1,462,361.60; the difference between the amount reported to the Comptroller and that shown by the slip is \$198,246.25. The usual explanatory sheet is found with this report, and I take from it: Directors: A. P. Potter, \$27,400; J. H. French, \$58,080.33; T. Dana, \$60,369; H. F. Woods, \$28,833.34; J. W. Work, \$9,925, and the total is \$184,607.67.

Report of May 4, 1891; testimony page 23. The loans exceeding the legal limit, both in the original and the retained copy, are in the handwriting of Charles F. Kellogg. There were two slips found with this report, both dated May 7, 1891, and apparently in the handwriting of Frank E. Smith. The Jordan, Marsh & Co., \$50,000, item on the first slip, is in the handwriting of Charles F. Kellogg; apparently transferred from the second slip; the George Wheatland, jr., \$49,700, at the bottom of the first slip, is in the handwriting of Charles F. Kellogg, apparently transferred from the second slip; the \$205,000 in pencil, opposite the name of D. M. Sabin, is apparently a change made by Charles F. Kellogg, being in his handwriting. This change is not adhered to in transcribing into the report.

There was one explanatory sheet with this report, and I take from it the data concerning loans to directors. Directors: A. P. Potter, \$24,400, changed from \$54,400; J. H. French, \$58,080.33; T. Dana, \$60,131.50; H. F. Woods, \$28,833.33; J. W. Work, \$9,925, and the footing is \$181,370.16, changed from \$211,370.16. This shows that

Mr. Potter, if the figures on the slip prior to the alteration be taken, is an overborrower, and that Messrs. French and Dana are also overborrowers.

I furnish photographic reproductions of a part of the explanatory sheet and of the portion of the original report showing the liabilities of directors and of the two slips and the report of overloans to the Comptroller. [See facsimiles.]

The amount of overloans reported to the Comptroller is \$1,439,911.44, the amount shown by the slips is \$2,158,520.33, and the difference is \$718,608.89. In footing the slip I have taken the larger amounts opposite the names of Jones, Cook & Co. and D. M. Sabin, namely, \$107,000 and \$205,000, but had the smaller amounts been used, namely, \$102,000 and \$177,848, the footings of the slips would be reduced to \$2,126,368.33, and the difference to \$716,456.89. I have omitted the two items on the first slip that were evidently transferred from the second to the first, namely, Jordan, Marsh & Co., \$50,000, and George Wheatland, jr., \$49,700, and they are only once reckoned in the footings.

Report of July 9, 1891; testimony page 26. The loans exceeding the legal limit, both in the original and the retained copy, are in the handwriting of Charles F. Kellogg. The slip found with this report is the handwriting of Frank E. Smith, and I put in a photographic reproduction of it. [See facsimile.]

The amount of overloans reported to the Comptroller is \$1,197,985.87; the amount shown by the slip is \$1,531,770.93; the difference between the two being \$333,785.06.

There was an explanatory sheet found with this report, from which I get the following regarding the loans to directors. Directors: A. P. Potter, \$16,000; J. H. French, \$58,080.33; T. Dana, \$50,131.50; J. W. Work, \$15,925; H. F. Woods, \$28,333.33, and the total is \$168,470.16. From this it appears that Messrs. French and Dana were overborrowers.

Report of September 25, 1891; testimony page 29. The loans exceeding the legal limit, both in the original and the retained copy, are in the handwriting of Charles F. Kellogg. There was no slip found with this report, and the usual explanatory sheet containing the details of loans and discounts and the liabilities of directors (individual and firm) is likewise missing from the bank's retained copy.

By the CHAIRMAN:

Q. Have you made any examinations to see whether loans were made two or three years ago on "sugars" by the Maverick Bank?—A. Yes, sir.

Q. Do you find various loans?—A. I have found quite a number; yes, sir.

Q. Have you a memorandum of them?—A. Yes, sir. The first one that I discovered was made February 6, 1889. I will read the list of those that I have found.

1192-34 C. F. Kellogg, February 6, 1889, 200 shares Sugar Refineries Co., demand, \$17,275; 1193-7 C. F. Kellogg, February 7, 1889, 200 shares Sugar Refineries Co., demand, \$17,245; 1193-6 J. W. Work, February 7, 1889, 100 shares Sugar Refineries Co., demand, \$8,630; 1215-43 E. Rollins Morse & Bro., April 12, 1889, 300 shares Sugar Refineries Co., demand, \$25,000; 1216-40 E. Rollins Morse & Bro., April 12, 1889, 700 shares Sugar Refineries Co., demand, \$55,000; 1226-2 E. Rollins Morse & Bro., May 3, 1889, 500 shares Sugar Refineries Co., demand, \$40,000; 1235-31 W. S. Lawson & Co., May 24, 1889, 350

CREDIT.

CERTIFICATES OF DEPOSITS.

MAY 7 1891

Frank E. Smith

Jones Cook & Co. 107 th	107 00 00
D M Sabini 157500	177 87 8 205
John R Bullard 47,755 37	47 75 53 7
John W Candler 3518 73	43 21 8 73
J A Evans & Co 130 670	130 670
W A Coul Co	72 420
L O Barnett 41788 51	41 78 8 51
Chas W Clark 45384 63	45 38 4 63
J Albert Hooper Chick	49 241 76
A Matthews	50 00 0
J Fred Whipple	65 00 0
A W Jordan 49 th	49 00 0
T M Brown	80 020 27
C A Sinclair 132,864 17	132 86 4 17
T. Deane	60 131 50
J H French	58 000 32
L P Hollander & Co 50 th	50 00 0
C F Kellogg	132 712 50
J N and Marsh Co	50 00 0
Boston Trust	
Brookland Mills	50 00 0
Boston & Me R L Co 100 th	100 00 0
West End Land Co	100 00 0
J W Wheeland & Co	49 700

There were two slips found with the retained copy of the report of May 4, 1891, being the accompanying slip and that on the page next following.

The intention apparently was to discard the second slip and therefore the two amounts not erased thereon were transferred by C. F. Kellogg to the first slip.

CREDIT.

CERTIFICATES OF DEPOSITS.

MAY 7 1891

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W O Dulaney	25532.56	46532.56
Joseph Cleary	10000	45000
Nichols E W L	15⁰⁰	57000
Louis Ross	50⁰⁰	50000
E H Row	35⁰⁰	55000
Geo Wheatland Jr	35.9	49700
W H Whitney	40⁰⁰	45000
Linus McChild		60000
Jordan Muesel & Co		50000
Katharine Stahl		
The M A Lewis		45000

The amount of overloans on both slips is \$2,158,520.33.

The amount reported to the Comptroller (see report on next page following this) was \$1,439,911.44, as appears by the footings of the Comptroller's clerks, making an omission to report over loans of \$718,608.89.

LOANS Exceeding the Limit Prescribed by Section 5200 of the Revised Statutes, including Amounts which Exceed this Limit due from State and Private Banks and Bankers.

Name of Borrower.	Enter full amount of loan.	Enter full amount of loan.
-------------------	----------------------------	----------------------------

Name of Borrower.	Enter full amount of loan.	Enter full amount of loan.
James C. Clark & Co	107,000	107,000
D. Mc. Lohm	177,848	177,848
John R. Bullard	47,755.37	47,755.37
John W. Chandler	43,218.73	43,218.73
J. A. Edwards	170,670	170,670
Thompson & Co	72,420	72,420
L. O. Gannett	41,788.51	41,788.51
Chas W. Clark	48,354.63	48,354.63
J. Albert Hodes	49,241.76	49,241.76
Jordan & Mankin	50,000.00	50,000.00
		765,327.00
		674,584.44
		<u>1,439,911.44</u>

Office Comptroller,
MAY 11 1891
OF CURRENCY

W. M. Withers 50,000
J. R. White 65,000
W. J. Jordan 49,000
J. J. Johnson 80,000.00
C. J. Johnson 170,804.17
L. P. Hollenden 50,000
Baker & Mine RR 100,000
W. J. White 100,000
J. A. White 49,700

674,584.44

Maverick National Bank.

REPORT TO COMPTROLLER OF MAY 4, 1891.

The explanatory sheet retained by the Bank showed the loans to the directors as follows :

Directors
A. P. Potter
J. H. French
D. Dana
H. F. Woods
J. W. Work

54400
58080.33
6013150
2883333
9975

1813701.6

The report to the Comptroller showed the loans to the directors to be \$181,370.16.

The correct amount of the loan to Asa P. Potter of \$54,400 being changed to \$24,400 made the total loans to the five directors appear to be \$181,370.16 instead of \$211,370.16, which latter sum if it had been reported to the Comptroller would have informed him that some one of the five directors owed more than the legal limit of \$40,000.

See fac simile of the report to the Comptroller on the page next following.

LOANS AND DISCOUNTS.

On demand, or U. S. Bonds -----	\$	None	None	
" " " " stocks, bonds, and other personal securities -----	\$	3087	497	25
On time, paper with less or more individual or firm names -----	\$	2192	856	91
" " " " single-name paper (one person or firm) without other security -----	\$	1065	037	37
" " " " secured by stocks, bonds, and other personal securities -----	\$	529	835	26
" " " " on mortgages or other real-estate security (see schedule) -----	\$	193	325	
Total -----	\$	7068	551	73
<i>Included in the above are—</i>				
Bad debts, as defined in Section 5204, Spec. Stat. -----	\$	None		
Other suspended and overdue paper -----	\$	40	147	86
Liabilities of directors (individual and firm) as payees -----	\$	181	370	16
Enter the amount in each of these three items, or write in the word "none" if there is no amount to enter.				

CREDIT.

July 9 1891

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Jones Cook & Co	✓	72 000
J. M. Lebin	✓	80 350 01
J. R. Ballard	✓	47 753 37
John W. Candler	✓	44 491 15
J. W. Evans & Co	✓	128 770
Ela Conit Co	✓	72 420
L. O. Barrett	✓	41 788 51
Chas W. Clark	✓	45 384 63
Alburt Hosler	✓	49 241 76
H. Matthews	✓	50 000
J. Reed Whipple	✓	60 000
N. W. Jordan	✓	49 000
T. S. W. Lown	✓	80 070 27
C. A. Sinclair	✓	120 862 17
L. P. Hollander & Co	✓	50 000
C. A. Kellogg	✓	90 752 50
Groveland & Mills	✓	50 000
Boston & M. E. R. Co	✓	100 000
Geo. Wheatland Jr	✓	55 900
W. O. Delano	✓	41 032 56
Joseph Creeting	✓	45 000
C. H. & A. Nichols	✓	57 000
Louis Ross	✓	50 000
E. H. Row	✓	50 000

Footing disregarding erasures, \$1,531,770.93. Footing omitting erased amounts, \$1,197,985.87, being amount reported to Comptroller July 9, 1891.

"Sugar Trusts," demand, \$25,000; 1247-33 Lord & Mandell, June 24, 1889, 125 shares Sugar Refineries Co., demand, \$14,000; 1251-17 Lord & Mandell, July 1, 1889, 100 shares Sugar Refineries Co., demand, \$10,500; 1251-27 J. W. Work, July 2, 1889, 25 shares Sugar Refineries Co., demand, \$2,900; 1255-16 Lord & Mandell, July 12, 1889, 80 shares Sugar Refineries Co., demand, \$8,000; 1260-16 Lord & Mandell, July 26, 1889, 50 shares Sugar Refineries Co., demand, \$5,000; 1264-29 I. A. Evans & Co., August 6, 1889, 50 shares "Sugar," etc., demand, \$12,000; 1268-36 E. Rollins Morse & Bro., August 16, 1889, 500 shares Sugar Refineries Co., demand, \$45,000; 1275-8 Lord & Mandell, August 31, 1889, 60 shares Sugar Refineries Co., demand, \$6,000; 1281-17 Hornblower & Weeks, September 17, 1889, 100 shares Sugar Refineries Co., demand, \$9,000; 1284-38 Lord & Mandell, September 26, 1889, 50 shares Sugar Refineries Co., demand, \$4,500; 1290-26 Hornblower & Weeks, October 12, 1889, 100 shares Sugar Refineries Co., demand, \$6,000; 1297-29 Ward Hornblower & Co., October 29, 1889, 350 shares Sugar Refineries Co., demand, \$17,500; 1297-30 Ward Hornblower & Co., October 31, 1889, 50 shares Sugar Refineries Co., etc., demand, \$11,000; 1297-32 Lord & Mandell, October 31, 1889, 100 shares Sugar Refineries Co., etc., demand, \$11,000; 1298-4 J. W. McKintosh & Co., November 1, 1889, 50 shares Sugar Refineries Co., etc., demand, \$20,000; 1298-5 Ward Hornblower & Co., November 1, 1889, 200 shares Sugar Refineries Co., etc., demand, \$15,000; 1302-28 J. W. McKintosh & Co., November 14, 1889, 100 shares Sugar Refineries Co., demand, \$6,000; 1309-40 J. W. McKintosh & Co., December 4, 1889, 100 shares Sugar Refineries Co., etc., demand, \$7,000; 1320-2 J. W. McKintosh & Co., January 2, 1890, 100 shares Sugar Refineries Co., etc., demand, \$10,000; 1330-41 T. Otis Fuller, February 1, 1890, 500 shares Sugar Refineries Co., due February 4, 1891, \$33,602.67, interest deducted \$1,602.67, net \$32,000; 1330-42 Edgar H. Close, February 1, 1890, 500 shares Sugar Refineries Co., due February 4, 1891, \$34,242.37, interest deducted \$1,633.62; net \$32,618.75. This is as far as I went in my search. The loans may have continued for some time longer.

At four o'clock and forty minutes p. m. the committee adjourned until to-morrow, Wednesday, August 24, 1892, at eleven o'clock a. m.

BOSTON, MASS., *August 24, 1892.*

The committee met in executive session at 11 o'clock a. m., pursuant to adjournment.

Present: Senators Chandler (chairman), Dixon, and Carlisle.

TESTIMONY OF CHARLES F. KELLOGG—Recalled.

By the CHAIRMAN:

Q. Have you brought your counsel with you this morning?—A. I have.

Q. What is his name?—A. John R. Bullard.

Q. Why have you desired his attendance at this secret session of the committee?—A. I did not know whether there would be any inquiries made that in some form or other it might not be proper for me to answer, and I wish to refer to him as to whether or not I should answer such questions.

Q. On advice?—A. I do not know whether there is the slightest cause; but I am not an attorney at all. I do not know the merits of your questions, and I will answer you fully.

The CHAIRMAN. Mr. Bullard, I will ask you, if you please, what your object is in desiring to be present when Mr. Kellogg is to be examined?

Mr. BULLARD. Simply to protect the witness from involving himself in an answer which might criminate him.

The CHAIRMAN. Under those circumstances the committee is entirely willing that Mr. Bullard should be present, taking occasion to remark both to the witness and his counsel that until the committee makes its proceedings public what takes place here is to be treated as secret.

By the CHAIRMAN:

Q. Mr. Kellogg, will you define what your duties were at the bank and state from whom you took directions as to your duties?—A. I was, as you know, clerk of the bank and clerk to Mr. Potter. I was his private clerk long before, in the Bank of the Metropolis, which was a private bank, owned by Samuel A. Way. Mr. Potter was the active executor, and Mr. Way had a large interest in the bank. Mr. Potter came in there as vice-president, later as president. He said, "The Way estate is about to be closed. I will take you as my clerk into the bank." I did not go in as his clerk. First I kept some of his private books long before I went into the bank, and he said I should devote part of my time to the Way estate and part to the bank. Later, when the Way estate was entirely through, I devoted part of my time to writing up what few entries he had and acting as a general clerk in the bank. I was with the cashiers and discount clerk at the bank. I had no special position.

Q. What in general would you have been called in connection with the bank—"general clerk," is that as near as you can get it?—A. I suppose you would call me—what did they use to call me—a general assistant to the cashiers and the private clerk for Mr. Potter after 3 o'clock. That was the intention.

Q. Were you paid by Mr. Potter privately in addition to your salary?—A. By Mr. Potter privately and by the bank.

Q. By both?—A. By both.

Q. Where was your desk?—A. Until this last change in the bank my desk was very far away from Mr. Potter's.

Q. Prior to that change how near were you to the cashier's desk?—A. I will give you a diagram. [The witness drew a diagram which he exhibited to the committee.] You will see the directors' room is a partition. Mr. Potter sat here [indicating].

Q. Is this the last or first arrangement?—A. The first arrangement until the very last. We had only been there since July.

Q. In this arrangement you sat near the assistant cashier?—A. My desk was kind of half up against him. The discount clerk was here [indicating].

Q. Who was he?—A. Mr. Domet used to be, and later he was assistant cashier.

Q. Who was discount clerk after that?—A. Mr. Smith.

Q. Frank E. Smith?—A. Yes, sir. Then Mr. Dunbar. Then there was a shorthand writer here [indicating], the cashier here [indicating], and Mr. Potter there [indicating].

Q. Mr. Potter sat next to the cashier?—A. Yes, sir.

Q. To go to the cashier or Mr. Potter it would be necessary for you to do what?—A. To go around here [indicating].

Q. Around the assistant cashier?—A. Yes, sir.

Q. In front of his desk.

By Senator DIXON:

Q. Was that [indicating] a closed partition?—A. No, sir.

By the CHAIRMAN:

Q. Could you not go in behind there [indicating]?—A. I could go out this door [indicating]. This [indicating] is the directors' room, and was in the nature of his private room.

Q. State what the second arrangement was?—A. I was not in sight of Mr. Potter, this [indicating] being a solid wall.

Q. State what was the last arrangement.—A. Mr. Potter was there [indicating], and Mr. Work here [indicating].

Q. Potter and Work were in the old places?—A. Nominally. Then there was an opening through here [indicating] for the assistant cashier. Here [indicating] is the cage, as you call it.

Q. Were you moved under the new arrangement into the assistant cashier's place?—A. No; the assistant cashier was here [indicating].

Q. The place he had occupied, and he was moved.

By Senator DIXON:

Q. The opposite corner was the assistant cashier?—A. The assistant cashier had a place of his own.

By the CHAIRMAN:

Q. You were moved into the opposite corner from that occupied by the assistant cashier?—A. Pretty nearly.

Q. You were moved nearer to the cashier's desk and Mr. Potter's desk? What other clerks of the bank besides yourself, the discount clerk, and the shorthand writer were near the desks of the president, the cashier, and the assistant cashier?—A. They were all.

Q. Where were they under the present arrangement?—A. Under the last arrangement those were all. The last arrangement was myself, Mr. Work, Mr. Potter, and the shorthand writer. We had these places here [indicating].

Q. What became of the discount clerk?—A. The discount clerk and assistant cashier went out in the next partition.

Q. They moved out?—A. Yes, sir.

Q. Now state what your principal bank functions were.—A. In the morning almost everybody, and I especially, was getting up the checks for the clearing house. They would give me two or three large banks to list the checks for the morning clearing. The clearing was at 10 o'clock. I would make a list of all those checks and prove them and see that they agreed with the books.

Q. That was your first business in the morning?—A. Yes, sir.

By Senator CARLISLE:

Q. Checks presented the day before?—A. The day before and coming in in the morning mail.

By the CHAIRMAN:

Q. There being so many of these checks you assisted in getting them ready?—A. Yes. I was on the clearing for years in various parts and helping to get ready.

Q. For a short time before the failure of the bank did you go to the clearing house?—A. No. I have not been to the clearing house for a number of years.

By Senator DIXON:

Q. Did you have assistance in that work?—A. They were all doing that work. I had only two or three banks. They were very large and made a large volume of checks. That would take till about 10 o'clock, and then if there was error in the book, as there frequently was, they would get me to help prove the clearing that went down. Then we got the clearing back. It came back about half past 10. We had a great many banks which cleared through us, and they would go to the clerks upstairs, who checked the clearing off. They would send it down, and they would give me two or three or four of these banks to list, and to give to the clerks of these banks. That would take pretty well up to 12 o'clock. Then if there were inquiries (the cashier would have letters of inquiry in regard to the standing of various people) if such a person's note was good, and he would say "I wish you would get a report from the agency and let me know, so that I can write." That would come along about noon.

I was familiar with the foreign-exchange department of the bank and the sale of Government bonds. When these clerks, either of them, went out to dinner, if a customer called they called on me to come down and buy or sell foreign exchange and bonds. It was generally to do what was necessary, perhaps, to fill those important positions.

By the CHAIRMAN:

Q. You have stated three things. First, what you did in connection with the work of the clearing house in the morning; secondly, disposing of returned checks, and thirdly, what you did in connection with foreign exchange.—A. And bonds.

Q. State any other customary function of yours.—A. Then if Mr. Potter had letters, or if he had bills to pay, or anything, he had a box on his desk, and towards noon when he was going to dinner I would take them out and file the bills and letters, and if he wanted checks to pay his bills I drew the checks and prepared them for him.

Q. Now you come to the work which included his private business?—A. Yes. That all had to come in during some part of the day.

Q. What other general services did you perform?—A. If the discount clerk wanted me to figure a note he would hand it over to me; generally not, but there would be those matters. A telegram would come in to know "why we have not got our bills we ordered yesterday," and various inquiries, and they would ask me to go through the bank and find why those things had not been done.

Q. State any other work that you did in the bank?—A. That was the general work. I kept the stock ledger of the bank, and made what transfers there were, if any came in.

Q. We understand that clearly. You kept the stock ledger?—A. The stock ledger.

Q. What else did you do that was important in the bank?—A. If a bookkeeper was away I was frequently called to take a book for a day. If some other clerk was away I did his work.

Q. You knew enough and were able to temporarily take the place of anybody in the bank?—A. Yes, sir.

Q. What else besides what you have stated was your general and ordinary work?—A. Then when the semiannual returns of duty on circulation were to be made up they came to me to be made up. I have also made up the returns for the Department.

Q. The report to the Comptroller?—A. Yes, sir.

Q. Of which there are how many a year required by law?—A. I think there are five.

Q. Did you make up those reports?—A. Yes, sir. The material came to me from all over the bank to compile.

Q. You compiled them and filled up those returns?—A. Yes, sir.

Q. Do you think that the bank's reports to the Comptroller of the Currency at Washington, the five a year, were always made by you and in your handwriting?—A. I think so; yes. It was hardly ever I was away when they came. (A pause.) No, I was never away when one was made.

Q. You think that all of them for two or three years were made by you?—A. I should think so.

Q. In making up those returns, if there was a doubtful point, state with whom you consulted and from whom you took directions?—A. The state of the bank, as you call the trial balance every day, was the basis of the returns, and I would get those papers, coming from all over the bank. They would come through from the bookkeeper's great deal, and I would compile those, and if they agreed with the figures he gave me; if they would agree with the items in the state of the bank, then I had no occasion to inquire. If there was a difference I would inquire of the various departments where they were.

Q. State whether or not the president or cashier gave you any directions about those returns?—A. The return was subject to the cashier's verification.

Q. The cashier signed them in all cases?—A. The cashier signed them in all cases.

Q. And swore to them in all cases?—A. And swore to them in all cases.

Q. And three of the directors certified to them as correct?—A. And three of the directors certified that they were correct.

Q. State whether you ever took directions from Mr. Potter and Mr. Work in reference to doubtful questions that arose when you were making up the returns for the Comptroller?—A. I do not think that Mr. Potter ever gave any directions. Directions, if any, would come through Mr. Work, if there was a doubtful question.

Q. You have no recollection that Mr. Potter ever gave you any directions about it?—A. No.

Q. Did Mr. Work give you any such directions?—A. I can not recall that there were occasions for it; yet at the same time he was the one who took the return after I made it, and he would naturally be the one to do it.

Q. State whether you made up those reports in most cases or all cases on your own judgment and responsibility until they were ready to be sworn to and certified to, or whether you consulted with Mr. Potter and Mr. Work, one or both of them, before drawing up the report?—A. I made them up from the materials furnished me through the bank, and those materials always would balance, and those coming that way there would be no occasion to refer to anyone.

Q. State as to all matters that went into the report that did not balance after 1888, under the new form, where there was a return required of the excessive loans?—A. That would come to me through one of the departments. They would give me a list, and that list—

Q. Who would give you that list?—A. That would come through the discount clerk.

Q. The discount clerk, who was Mr. Frank E. Smith first, and Mr.

Dunbar next?—A. Yes. I do not know when Mr. Smith first came in there as discount clerk.

Q. Who was there as discount clerk when the bank failed?—A. Mr. Dunbar and Mr. Smith. Mr. Dunbar was the figurer of notes, as he was called.

Q. How did the discount clerk furnish you the information as to excessive loans?

The WITNESS. How did he?

The CHAIRMAN. Yes; in what shape?

A. He would bring a list of them, the same as the bookkeeper did, of the names and amounts.

Q. Those overloans did not go into any balance?—A. No; they went in as a schedule on the back.

Q. Did you in all cases follow the list which the discount clerk gave you, and enter upon the report to Washington all the names he furnished you?—A. I entered them as they came to me from the discount clerk from materials furnished.

Q. Did you ever omit any names which were on the list which he furnished?—A. Not to my recollection.

Q. You think in all cases whenever the discount clerk furnished you a list you wrote that list into the report?—A. I wrote it; yes, from the list furnished.

Q. Did you make a copy of the report after it was ready to go to Washington?—A. They sent on two returns. One we made to see if it balanced all through, and then we copied from that for the second one.

Q. What I want to get at is, what is known as the bank's retained copy; was that made before or after?—A. That was made first.

Q. The retained copy was made first, and the actual report to Washington was drawn off from that?—A. Yes.

Q. Then after that had been done and had been sworn to by the cashier and certified to by the directors, did you put upon the retained copy the names or initials of the cashier and the officers who certified to it?—A. I always intended to.

Q. So that you intended to keep an exact retained copy?—A. That is the idea.

Q. After the return went to Washington what, as a return, ordinarily, did you have left in the bank?—A. It was nominally a duplicate; the original.

Q. Did you have anything but an exact duplicate?

The WITNESS. How do you mean?

The CHAIRMAN. Was there any data there from which the report had been made up?

A. For instance, the returns from the bookkeepers and all would be copied. I do not know that they were kept. We kept frequently a copy of what came from the discount clerk, with single and double names, real estate, and bonds.

Q. That came on certain sheets?—A. That would come on a sheet from the discount clerk.

Q. That did not go to Washington nor did a copy of it?—A. No; only the totals would go.

Q. Was that sheet usually preserved with the retained copy?—A. Yes, sir.

Q. How about the sheets that came from the discount clerk, containing the overloans; were they retained and preserved?—A. I should say so. Those went to the cashier. I should say they were.

Q. That they were retained with the retained copy?—A. Yes. Of course many of those papers, after we kept them a little (I would keep them on my desk for a while), I would find that they were perhaps in the way, and I would —

By Senator DIXON:

Q. You did what?—A. I would tear them up, perhaps, as bookkeeper's figures.

By Senator CARLISLE:

Q. Memoranda?—A. Memoranda.

By the CHAIRMAN:

Q. Were the memoranda that came from the discount clerk from which you made up the overloans retained?—A. I should think they were.

Q. Will you look at this report which came from Washington, of the condition of the Maverick Bank on the 19th day of December, 1890, and state whether or not the manuscript filling in is in your handwriting?—A. (Examining report.) Yes.

Q. Look at the list of overloans and see if it is in your handwriting.—A. (Examining report.) Yes.

Q. Everything there except the signatures and printing is in your handwriting, except certain pencil memoranda which were apparently made in Washington?—A. (Examining report.) Everything. It is all in my handwriting.

Q. Now you may look at this document (handing witness report), and see if it is the bank's retained copy of the 19th of December, 1890, report.—A. (Examining report.) This has no signatures.

Q. Are there initials there?—A. There are no initials, it seems. Sometimes I would not know. It would not be given to me to sign.

Q. You may read the certificate on the original.—A.

I, J. W. Work, cashier of the Maverick National Bank, of Boston, do solemnly swear that the above statement is true to the best of my knowledge and belief, and that the schedules on back of the report have been carefully filled out and fully and correctly represent the true state of the several matters therein contained.

J. W. WORK, *Cashier.*

Q. Read the notary's certificate, if you please.—A. (reading):

STATE OF MASSACHUSETTS,
County of Suffolk.

Sworn to and subscribed before me this 24th day of December, 1890.

L. VERNON BRIGGS,
Notary Public.

Q. Now you may look and see whether that explanatory statement, as we will call it, which was found with the retained copy, was the one from which you made up that report?—A. (Examining paper.) The data agrees.

Q. Look and see whether you believe it to be the one from which you made up that report. (A pause.) Is that the statement from which you made up your report?—A. Dates all agree and figures generally agree. It appears to be the one.

Q. In whose handwriting is that explanatory statement.—A. That is Mr. Smith's, I should say.

Q. State whether down in the lower right-hand corner of this explanatory statement there is a list of loans to directors?—A. (Examining paper.) Yes.

Q. State whether there is any one of them which is over \$40,000. If so, which one?—A. There are three which appear to be.

Q. Read those?—A. A. P. Potter, \$50,000; J. H. French, \$40,092.12; Thomas Dana, \$45,869.

Q. State what the total amount there is of loans to directors?—A. \$164,386.12.

Q. See whether that is entered correctly on the report and retained copy in that way?—A. (Examining report.) Liabilities of directors (individual and firm) as payers, \$164,386.12.

Q. It is the same?—A. Yes.

Q. Now you may state whether or not there was reported to Washington any of those overloans to directors, except in this gross sum which you have just read?—A. It does not appear to be in the items.

Q. Were the items ever reported that were given to you in the lower right-hand corner of this explanatory statement except in gross?—A. They came to me usually on another slip; they would not come on here usually.

Q. Do you mean that those figures which you have read, which correspond with the aggregate of the directors' loans in the lower right-hand corner, came to you otherwise than upon this explanatory statement?—A. They came on a slip. These others would be on there.

Q. I understand; but did they come to you in that form from which you made the statement?—A. They would usually come to me on a longer slip.

Q. I have reference to the figures which you insert up above the list of overloans, those figures which are \$164,386.12, whether you did not obtain those in all cases from the lower right-hand corner of this explanatory statement; whether you did not take them from there and add them up? Is that where you usually obtained them when you made the retained copy of your report and the report itself?—A. I should think it was. There is no check on it; the items agree.

Senator CARLISLE. What other method did you have of obtaining figures?

The WITNESS. You mean the directors' special?

The CHAIRMAN. The directors' special. I will ask you whether those figures are in your handwriting?

A. They are.

Q. \$164,386.12?—A. Yes.

Q. Did you get them from the lower right-hand corner of the explanatory statement, and if not where did you get them?—A. I should think I got them from there.

Q. You are at liberty to consult counsel, either in the presence of the committee or by retiring, before answering any question. State whether in making up all the returns, giving the gross amount of liabilities of directors, you transferred to the original report which went to Washington the same amounts that were furnished you in the lower right-hand corner of the explanatory statement.

The WITNESS. You mean those amounts here [indicating]?

The CHAIRMAN. Yes; whether in all cases, when you made the transfer from that corner of the directors' liabilities you transferred them accurately, or whether you changed them?—A. The liabilities of directors I took in a total from this slip [exhibiting].

Q. This explanatory statement, you mean?—A. That explanatory statement. When I made this list of overdrafts I had it from another statement.

Q. I am not now asking you about the list of overloans. I am asking

you about the liabilities of directors.—A. I took them from the footing here.

Q. State whether in all cases you transcribed them from the explanatory statements to the reports to Washington and the copies of the reports to Washington correctly as they were furnished to you by the discount clerk, or whether you made alterations.—A. I furnished it correctly, as it would come to me.

Q. In all cases, so far as you know?—A. Yes, sir; I can not recall way back.

Q. Is that your memory?—A. Yes.

Q. Now, you may look at this paper, a narrow slip headed "Credit, December 19, 1890," which was found with the bank's retained copy of the report of December, 1890, and state whether you have ever seen that paper before.—A. (Examining slip.) The dates agree with this item.

Q. Is that slip the same as the report of loans?—A. I have looked it through; it is the same.

Q. As the report to Washington? Look at the retained copy and see if it is the same.—A. (Examining reports.) That is the same.

Q. In whose handwriting is the slip?—A. That is Mr. Smith's.

Q. Did you have it when you made up the report and the retained copy?—A. I must have, because the two agree. That is the usual form.

Q. You made up the reports and the retained copies from that slip or slips like that?—A. Yes, sir; that would be the natural course.

Q. I now hand you the report which went to Washington of May 4, 1891, and ask you if the list of overloans and the entry of the amount of directors' liabilities are in your handwriting?—A. (Examining report.) "Liabilities of directors," that is my handwriting.

Q. Including the figures?—A. Yes.

Q. And the list of overloans is in your handwriting?—A. Yes.

Q. Indeed, the whole report that is in manuscript, except the signatures, is in your handwriting?—A. (Examining report.) Yes, except the signatures.

Q. Who signs it and makes oath to it?—A. Mr. Work.

Q. Who are the directors who sign?—A. Mr. Potter, Mr. Woods, and Mr. French.

Q. Who was the notary?—A. L. Vernon Briggs.

Q. Now I will show you another paper, and ask you if that is the bank's retained copy, and whether the two are alike so far as the directors' liabilities and the list of overloans are concerned, or alike in all respects, so far as you can see?—A. (Examining reports.) On the face they appear to be alike in all respects.

Q. The list of overloans appears to be the same?—A. I have not read them down.

Q. Verify them, please.—A. (Examining reports.) Yes, they agree.

Q. They are the same. Now I will ask you if that is the explanatory statement, so called, which belongs with the retained copy?—A. (Examining statement.) It appears to be.

Q. Is it dated at the head the same?—A. It is dated at the head the same.

Q. In whose handwriting is the explanatory statement?—A. In Mr. Smith's.

Q. Now you may look at two slips which were found with the retained copy, one headed "May 7, 1891," and the other also headed "May 7, 1891," and state in whose handwriting they are. I will state

to you that they were found in the bank with the retained copy and the explanatory statement.—A. (Examining slips.) They are in Mr. Smith's handwriting.

Q. You may state whether from those, or either of them, you made up the report to Washington and the retained copy?—A. They are dated the 7th and the report is dated the 4th.

Senator CARLISLE. It is sworn to on the 8th.

The WITNESS. Yes.

By the CHAIRMAN:

Q. State whether from those slips, which were found with the retained copy, you made up the Washington report?—A. It appears to be.

Q. They appear to be the slips from which you made up the report?—A. Yes.

Q. Now state whether in making up the report and the retained copy for that date you transcribed all the overloans furnished you from this slip by Mr. Smith, or whether you omitted certain loans?—A. There are certain ones here erased with a pencil.

Q. State whether or not you omitted those in transcribing? (A pause.) State whether you transcribed from those slips where the erasures are made in pencil.—A. (Examining slips.) I transcribed, as it seems from the report here, the various ones except the erasures.

Q. Did you omit the erasures?—A. The erasures are omitted.

Q. State why you omitted to transcribe those erasures?—A. The erasures are marked out with a pencil.

Q. Where the name and amount are marked out with a pencil?—A. Yes.

Q. State why you omitted to transcribe them?—A. Because they were marked out.

Q. Did you know by whom they were marked out?—A. I do not know.

Q. You do not know?—A. I do not know. They came to me to be put on here in this form.

Q. State any reason you know why you omitted to transcribe them?—A. I would omit them because they were erased.

Q. That is the reason you did omit them?—A. Yes, sir. The discount clerk, or some one, for some reason ran their pencil through them.

Q. You may state whether there are any names and amounts on the longest slip written in your handwriting; if so, what?

The WITNESS. On this one (exhibiting slip)?

The CHAIRMAN. Yes, on the longer one.

A. There is one there—Jordan Marsh & Co.

Q. Give the amount.—A. \$50,000.

Q. Is there one other?—A. George Wheatland, jr., \$49,700.

Q. Did you transfer these two from the second slip to the first slip?—A. I have no knowledge.

Q. Look and see what you think about it. Did you transcribe Jordan Marsh & Co. and George Wheatland, jr., from the second to the first slip?—A. They are written in on the first slip in my writing.

Q. Then the names that went to Washington and that were put into the retained copy were all upon these two slips except those that are crossed out?—A. Yes, sir.

Q. And those which are crossed out are—T. Dana, \$60,131.50; J. H. French, \$58,080.33; C. F. Kellogg, \$122,712.50; Groveland Mills, \$50,000; W. O. Delano, \$46,532.56; Joseph C. Greeley, \$45,000; Nich-

ols, E. W. L., \$57,000; Louis Ross, \$50,000; E. H. Rowe, \$55,000; Linus M. Child, \$60,000; H. M. Whitney, \$40,000; Thomas M. Stevens, \$45,000; I have given those correctly, have I?—A. It sounds so.

Q. Now, you say you did not make any of those erasures?—A. I say not.

Q. You say you did not?—A. I say not.

Q. Do you swear to that deliberately?—A. I do.

Q. You may now state whether to your knowledge at the time you made up the report and the retained copy with these lists before you you knew that any of the persons whose names were erased owed the bank the amount set against their names? (A pause.) Are you ready to answer the question?

The WITNESS. What was the question?

The CHAIRMAN. The stenographer will read the question. (The question was read to the witness.)

A. I say not. The evidence was on the discount book.

Q. You say you did not know that they owed the bank at that time?—A. I did not know. I was not discount clerk.

Q. You may read your own name and the amount set against it.—A. C. F. Kellogg, \$122,712.50.

Q. Did you owe the bank that amount at that time?—A. Not to my knowledge.

Q. Did you at any time owe the bank that amount?—A. I do not know.

Q. Did you sign large accommodation notes which were discounted?—A. I signed accommodation notes.

Q. State whether you had at that time a knowledge of your indebtedness to the bank?—A. I kept no copies in any form of such notes as I signed.

Q. So that, although your name with \$122,712.50 was before you, erased, and you left it off the reports to Washington, you did not know whether you owed that amount to the bank?—A. I do not recall that I knew.

Q. Now, read the directors' liabilities on the explanatory statement, in the lower right-hand corner.—A. A. P. Potter, \$24,400; J. H. French, \$58,080.33; T. Dana, \$60,131.50; H. F. Woods, \$28,833.33; J. W. Work, \$9,925.

Q. Making a total of how much?—A. \$181,370.16.

Q. Is that the gross amount you wrote upon the report.—A. That appears to be so.

Q. State whether there appear to be alterations made in this list of directors' loans upon the explanatory statement.—A. (Examining statement.) I see there is an alteration.

Q. State whether \$30,000 is changed by an erasure and also \$30,000 changed in the footing.—A. (Examining papers.) It appears so.

Q. State whether the \$24,400 of Asa P. Potter is changed from \$54,400.—A. It appears so.

Q. And whether the \$181,370.16 is changed from \$211,370.16.—A. It looks so.

Q. Were those changes made by you?—A. That I can not tell.

Q. Look carefully and state.—A. (Examining papers.) I should say no. I can not tell.

Q. Is either the original or changed amount yours? State your impression about it as you look at it.—A. The original is by Mr. Smith; the changed I do not recognize.

Q. The original is in Mr. Smith's; you do not know in whose handwriting the changed figures are?—A. No.

Q. Are you willing to state it is not your own? (A pause.) You do not need to consult counsel about that.—A. It does not look like Mr. Smith's.

By Senator CARLISLE:

Q. I would like to ask you a question. Do you know through whose hands any of these papers passed usually before they reached you?—A. Yes, those papers would come through Mr. Work's hands before they came to me.

Q. Mr. Smith or Mr. Dunbar or any other clerk who furnished you material from which you were to make up the bank's report would first furnish them to Mr. Work?—A. Yes, they would go through Mr. Work.

Q. They would come to you not directly from the clerk who made them up, but through the cashier of the bank?—A. Through the cashier of the bank.

Q. Therefore you do not know who made these changes?—A. I do not know.

By the CHAIRMAN:

Q. Do you mean to say that they were furnished you through Mr. Work or directly by the discount clerk?—A. If they came from the discount clerk they were referred to Mr. Work and came to me through Mr. Work. I did not change of my own volition anything in those returns.

Q. If you made changes of this character, omitting names that appear upon these slips, you did it because you found them erased?—A. Yes, sir.

Q. You made no erasure in any case.—A. I made no erasure. I can honestly say I have made no erasures on any of these. I was a clerk, and it came to me in that form.

Q. Now look at the slip which I now hand you headed "Credit 188," with no date, but which was found with the retained copy of the report of September 30, 1889, and state in whose handwriting it is. A. (Examining slip.) It is in the handwriting of our shorthand man, Mr. Bishop.

Q. Is it not Mr. Dunbar's?—A. No, sir.

Q. Mr. Bishop?—A. Yes, sir.

Q. Where is Mr. Bishop now?—A. He is at the Second National Bank to-day. He is with Mr. Beal, the receiver.

Q. You are sure that is his handwriting?—A. Yes.

Q. I also hand you the original report, the retained copy, and the explanatory statement for that date. Please note the erasures in the slip and state whether you omitted the amounts with the names in transcribing into the official report?—A. (Examining report.) Those that are erased are omitted in the report.

Q. State whether those erasures upon the slip were made by you.—A. No.

Q. They were not?—A. No.

Q. Do you know by whom they were made?—A. I do not know.

Q. Do you know from whom that slip came to you?—A. That is in Mr. Bishop's handwriting. He was the shorthand writer in the bank.

Q. What do you infer from that?—A. I infer it came from the cashier to me.

Q. You think Mr. Work handed you that slip?—A. Yes; because I did not go to the shorthand writer for any writing.

Q. Look at the original report and the retained copy for July 18, 1890,

and see whether the overloans are in your handwriting in both cases.—
A. (Examining reports.) Yes.

Q. Look at the explanatory statement.—A. (Examining statement.)
That is in Mr. Smith's writing.

Q. The explanatory statement is in Mr. Smith's writing?—A. Yes,
sir.

Q. Look at the slip headed "credit, July 18, '90," which was found
with the retained copy, and state whether there are erasures.—A.
(Examining slip.) There are.

Q. State whether those erasures were omitted in transcription?—A.
(Examining report.) Yes; they appear to be omitted.

Q. State whether or not you find your own name there with an
amount; if so, what is it?—A. "C. F. Kellogg, \$44,088.75."

Q. Did you make that erasure?—A. No.

Q. Did you owe that amount to the bank at that time?—A. I do not
know. I did not keep an account of my loans with the bank. They
were all in the bank and I knew where to find them.

Q. That you have already said. What is your recollection, if any,
about that slip?—A. I have no recollection.

Q. Did you ever destroy any slips of that kind?—A. Not to my recol-
lection.

Q. Now, look at the report, original and retained copies, of date of
October 2, 1890. Is the list of overloans in your handwriting?—A.
(Examining reports.) Yes, sir.

Q. Look at the explanatory statement. In whose handwriting is it?—
A. Mr. Smith's.

Q. Look at the slip of overloans. In whose handwriting is it?—A.
(Examining slip.) That is in Mr. Smith's handwriting.

Q. Is there any handwriting of yours on it?—A. I saw one name at
the foot.

Q. Read that.—A. "Charles W. Clark, \$45,384.63."

Q. At the bottom of the slip?—A. Yes.

Q. Do you know how you happened to make that entry?—A. No;
probably the discount clerk discovered that he omitted something, and
asked me to insert it.

Q. Is that slip correctly transcribed into the report?—A. (Examining
slip and report.) Yes.

Q. Now, look at the report of February 26, 1891, the original and
copy, and see if the list of overloans is in your handwriting?—A. (Ex-
amining reports.) Yes.

Q. Look at the explanatory statement?—A. February 26, 1891; that
is Mr. Smith's handwriting.

Q. Also at the slip, which was found with the retained copy.—A. That
is Mr. Smith's.

Q. Whose handwriting is it?—A. Mr. Smith's, the discount clerk.

Q. Are there erasures in the slip found with this report?—A. There
are three.

Q. Are the names and amounts omitted in transcribing the list into
the report.—A. No; they are not all omitted.

Q. Name those which are omitted and those which are not.—A. I
notice crosses through two of them, and they are still on the list.

Q. State those which are erased on the slip.—A. Groveland Mills.

Q. State the amount.—A. \$80,615; Boston Fruit Company, \$50,000.
C. F. Kellogg, \$67,631.25, omitted.

Q. Now, state the names and amounts on the slip which are erased
and not omitted.—A. T. Dana, \$60,369; J. H. French, \$58,083.33. One

is erased fully, and the other has a little erasure in it. On the figures appears a partial erasure, but not on the names.

Q. Does the pen appear to have gone clear across the figures?—A. On the second one it does not. On the first one it appears to have.

Q. Look very carefully and see whether the pen did not go clear across, but the ink gave out.—A. (Examining slip.) It looks that way.

Q. However incomplete the erasure, you did not omit to transcribe those names into the report?—A. On the two lower ones the erasure goes way across the names and the amounts.

Q. But in the two cases of French and Dana they do not go across the name, and you did not omit them?—A. It seems I did not.

Q. Do you remember any other cases in which you inserted the names of the directors.

The WITNESS. How is that?

Q. Do you ever remember inserting in the report French and Dana overloans at any other time?—A. I have no recollection.

Q. Do you mean to say that you never omitted to transcribe from the slips to the reports names and amounts, except where the names as well as the amounts were drawn through?—A. I should not so think.

Q. You do not mean to say that?—A. No, sir.

Q. Are there not many cases where you have omitted to transfer where the amount only was stricken out?—A. I think so, from the appearances of the others. I should not limit it to that.

Q. But in these cases, for some reason you did transcribe them?—A. Yes, sir.

By Senator DIXON:

Q. Have you any recollection as to why you left out the amounts or put them on?—A. No, sir; no recollection. They came with the usual duties five times a year, and they passed by as soon as the returns were made.

By the CHAIRMAN:

Q. I hand you the original and retained copy of the report of July 9, 1891. In whose handwriting is the list of overloans?—A. (Examining report.) As usual, it is in mine; yes.

Q. In whose handwriting is the explanatory statement?—A. Mr. Smith's.

Q. In whose handwriting is the slip containing the overloans?—A. (Examining slip.) That is Mr. Smith's.

Q. Are there other erasures?—A. There are.

Q. Are the names or amounts erased transferred by you to the reports?—A. (Examining reports.) No; they are left off. Those that are erased, with a pencil mark way through them, are left off.

Q. Call the names and amounts that are left out, not transcribed.—A. E. H. Rowe, \$50,000; Lewis Ross, \$50,000; E. W. L. Nichols, \$57,000; Joseph C. Greeley, \$45,000; W. O. Delano, \$41,032.56; C. F. Kellogg, \$90,752.50.

Q. What is the amount against your name?—A. \$90,752.50.

Q. Did you erase that?—A. No, sir.

Q. You omitted to transcribe it?—A. It seems so.

Q. Because of the erasure?—A. Because of the erasure.

Q. Do you know who made the erasures on that slip?—A. I do not know.

Q. Are you sure they were made when the slip came to you?—A. Yes, sir; when it came to me for entry. I did not make any erasures.

Q. You have made that statement. Do you know whether you owed that amount to the bank at that time?—A. I do not know. I kept no account of my loans, and they varied.

Q. When you saw your name inserted on that slip made by the discount clerk and saw it drawn through afterwards you did not know but what the loan had been taken up?—A. I did not look through to see.

Q. This indebtedness of yours on these various slips was all accommodation indebtedness, of which you kept no track?—A. Of which I kept no track. If I needed to I could find them in the bank. They have all disappeared except one, which you find. They had collaterals with them. I did it for Mr. Potter.

By Senator CARLISLE:

Q. In one or two instances I observe on these slips a name or perhaps an amount that has been inserted in what appears to be your handwriting?—A. There is one only, I saw.

Q. Perhaps you may have spoken about it.—A. There were two slips of May 7, and the chairman wanted to know why they were transferred in my writing, as if we wanted to do away with one slip. It was in my handwriting.

Q. Have you any recollection as to why you did it?—A. It may be that there were these two slips, and that I put them on there not to forget them.

Q. In order to dispense with the second slip?—A. Nominally so.

By the CHAIRMAN:

Q. Look at the report and retained copy of September 25, 1891, and see whether, as usual, they are in your handwriting?—A. (Examining reports). Yes.

Q. Do you know where the explanatory statement and the slip of overloans are which should have been with the retained copy?—A. No.

Q. Did you destroy them?—A. No.

Q. Was there always a list of overloans furnished you?—A. It has been furnished me.

By Senator CARLISLE:

Q. Since the Comptroller required it?—A. Since he required it.

Q. Which was in June, 1888?—A. I did not suppose it was so recent a date.

By the CHAIRMAN:

Q. It was some time in 1888.—A. I remember when they appeared. These went back, and were kept by Mr. Work.

Q. Have you any doubt that when you made up that original and retained copy you had an explanatory statement and also a slip of overloans?—A. I could not get them otherwise.

Q. State what you did ordinarily with the retained copy, the explanatory statement, and the slip of overloans after you finished.—A. They would be kept together, and we used to keep a file on Mr. Work's desk, a bundle of copies of these reports to Washington.

Q. What use was ever made of these copies and other papers?—A. When we came to make our next return we would see the explanatory statement.

Q. When you made the next statement you would refer to it?—A. For instance, here, you will see, are bonds, and I would refer to them and see what the last statement was and follow our book through on the bonds.

Q. When you made up one statement you referred to the last?—A. The discount clerk would get the last statement.

Q. You always had it before you when you made up a return?—A. Yes; I would say so.

Q. Where were they kept in the meantime?—A. After we got into our new quarters Mr. Work had a partition in there to put these returns in.

Q. In where?—A. In what we called the document safe—in the safe near him.

Q. And these retained copies of the bank were kept there?—A. Yes.

Q. When you wanted access to them how did you procure it?—A. The safe was open during the day.

Q. Would you go and get a bundle yourself or would Mr. Work hand them to you?—A. I could go and he could go.

Q. What did you do with the explanatory statement and the slip when you had finished?—A. I put them back where they came from, with the papers.

Q. If half of the slips which would naturally have been with the reports are missing do you know where they went?—A. No, I do not know.

Q. You have no knowledge of them?—A. No, sir. Those that came from the bookkeepers, after we copied them from the report, were generally destroyed, as they were simply copies of the books.

Q. Were there any instructions about preserving these explanatory statements and these slips of overloans?—A. No, sir; I should say there were no instructions either way.

Q. As a matter of fact, you did preserve them?—A. I kept them for use for the next statement.

Q. And you wish the committee to understand that you had no knowledge of overloans in the bank except such as came to you?—A. Yes, sir.

Q. Do you recognize among the omitted loans the names of accommodation signers for Evans & Co. and Dana & Co.

The WITNESS. The omitted ones?

The CHAIRMAN. Some of those omitted ones; what you have seen.

A. I think I saw Mr. Nichols' name on there.

Q. Mr. Louis Ross's name?—A. Louis Ross; yes.

Q. You remember some of those names?—A. I remember the names now. Mr. Nichols is on this return [indicating], and Mr. Ross is on this [indicating].

Q. Who among the omitted names do you recognize as some of the constant borrowers of the bank?—A. These people who were in there for a day or two, this Mr. Nichols—how large did you say his loan was—\$57,000?

Q. In reference to these statements, the call upon the bank, when it first became known to the bank, was always for a report as of a previous day, was it not?—A. Yes, sir. I do not believe we ever heard till it came through the mail. Occasionally we saw it in the paper.

Q. When it came it was always for a report as of a previous day?—A. Yes.

Q. So that a bank was expected to have no knowledge of the date?—A. No knowledge.

Q. And could make no preparation in its loans?—A. No.

Q. For how long a period anterior, to the notice reaching the bank was the day fixed ordinarily?

Senator CARLISLE. Generally?

The WITNESS. How many days?

The CHAIRMAN. Yes.

A. I notice one report here May 4; we made it up the 7th, and the attestation was the 7th. That would be three days.

By the CHAIRMAN:

Q. Ordinarily not more than a week.—A. I should say so.

Q. Usually two or three days before.—A. I should say so.

Q. Mr. Kellogg, were you the custodian of this black trunk of Mr. Potter's, or claimed by Mr. Potter, about which there has been litigation?—A. I suppose I was.

Q. Was it in your charge?—A. Yes, sir.

Q. Where was it kept ordinarily?—A. It was kept in later years in this document safe.

Q. Is there any mark on the outside of it to indicate its ownership?—A. I do not recall that there is. I have seen it said that there was none.

Q. You do not remember any?—A. I do not recall any.

Q. Where was it ordinarily placed when you used it?—A. Right beside my desk.

Q. It was brought out from the document safe?—A. Yes.

Q. You may now state as near as you can remember what documents were kept in that trunk?

The WITNESS. I do not suppose that the inquiry in court interferes, does it, with my saying what is in there.

The CHAIRMAN. That is for your counsel to say.

Senator CARLISLE. It is only for your counsel to say whether any answer you may make would incriminate you.

Mr. BULLARD. I have no objection to it. I do not see that it incriminates him in any way.

The WITNESS. I only want to tell you what is proper.

Senator CARLISLE. The courts can not interfere with this committee.

The CHAIRMAN. We have no hesitancy in asking you any question, and it is for you and your counsel to suggest any objections you may have to answering.

By the CHAIRMAN:

Q. State the contents of Mr. Potter's black trunk.—A. Mr. Potter's private books, papers, paid bills, insurance policies, deeds of houses he owned.

Q. State any papers which the box contained having any relation to the business of the bank.—A. To my knowledge I should say there was nothing in there of the business of the bank. Mr. Ewer, I noticed, said that there were certain Florida land titles which, when he came to take possession of the bank, were in there. He said he knew they were there and asked me to give them to him. They were in there, but the title stood in the name of Mr. Hanson, a clerk in the bank, for convenience. They were collateral for Mr. Potter's guaranty of a note of Mr. L. O. Garrett. They were Mr. Potter's collateral for that loan, and I did not consider that they were the property of the bank; but he said he would like to have them, and I was very glad to let him have them.

Q. Had they been listed as collateral in the hands of the bank?—A. No.

Q. They never had been?—A. I think not.

Q. How did Mr. Ewer get them?—A. He came to me and asked me if I had anything that was the property of the bank in any form, and in connection with a previous examination he had asked something in

regard to some Florida lands on this Garrett note. He recalled that, and he asked me to give him the papers.

Q. He called for these particular papers?—A. Yes, sir.

Q. He described them?—A. Yes, sir.

Q. You gave them to him?—A. Yes, sir. He asked if there was anything in there in any way the property of the bank. I said, "not to my knowledge," and I did not know that those were, but that if they were he was welcome to them.

Q. Was there ever contained in that box at any time any papers or agreements relating to the purchase of Boston and Maine Railroad stock, which was collateral to the bank for Mr. Potter's indebtedness.

The WITNESS. Any papers relating to the purchase—

Q. Of Boston and Maine stock, which constituted a part of Mr. Potter's collateral to the bank?—A. I should say so.

Q. Have you any recollection of any Boston and Maine agreements or contracts that were in the box?—A. I think the receiver has some papers regarding the equity of certain Boston and Maine stock of Mr. Potter.

Q. What do you know of that paper?—A. That paper was taken out after the bank closed. The assignee of Mr. Potter asked Mr. Hutchins if he would let him make a copy of a certain paper in order to protect certain loans, and Mr. Hutchins, Mr. Beal, and Mr. Hyde took the paper out and borrowed it to make a copy.

Q. You remember that paper?—A. Yes, sir.

Q. Was the original put back in the box?—A. It was either put back in the box or given to Mr. Beal, and he keeps it elsewhere. I do not know its disposition. I have not had possession of the box since.

Q. Who kept the key ordinarily?—A. I had a key, and Mr. Potter had a duplicate.

Q. Did anybody else in the bank have one?—A. No, sir.

Q. Was there any list in that box of Mr. Potter's collateral in the hands of the bank?—A. I kept a list generally of his securities, and against it I would keep pencil memoranda as best I could showing where the securities were. It was not the property of the bank. It was just my private memorandum; if Mr. Potter asked for any certain stock I wanted to know where to put my hand on it.

Q. There was a list then of all of Mr. Potter's assets available for collateral?—A. Not for collateral.

Q. I said "available for collateral."—A. I kept it as close as I could, for my own information, to know where the securities were.

Q. Were there any memoranda on this list that such and such securities were placed in the bank for collateral?—A. Against the securities would be "bank" or "box." He had a security box, where he kept some of his loans and property. In this trunk there was nothing of value. There was a little cash box, but we did not keep any securities of value in it. He kept them in his own possession.

Q. Was there any money in the box?—A. I think he said there was about \$30.

Q. How much?—A. A little running cash account.

Q. In what shape?—A. In a little tin box.

Q. That is there now, so far as you know?—A. Yes, sir.

Q. It contains only a petty sum?—A. That is all.

Q. There was no large sum of money in the box?—A. No, sir; I kept a little petty cash for bills that came in, and paid it out.

Q. Describe any other paper in that box that you know of.—A. I

can not recall generally other papers. There was nothing connected with the bank, I should say.

By Senator CARLISLE:

Q. You have stated that there was a paper there containing a list of Mr. Potter's securities, with a memorandum indicating where each security was at the time. Was that list confined alone to the securities held in the Maverick National Bank, or did it contain generally all the securities which Mr. Potter owned?—A. Which Mr. Potter owned.

Q. Whether deposited with the Maverick or some other bank or in his private box, they were still all on that list?—A. I intended so to keep that list.

Q. It was not an account between Mr. Potter and the bank as to the securities which that bank alone held?—A. Not the slightest.

By the CHAIRMAN:

Q. It was intended so that you might keep track of his securities wherever they might be?—A. I was his clerk, and I was supposed to know where they were. It was for my own protection; not for Mr. Potter.

By Senator CARLISLE:

Q. To answer to him?—A. I was responsible, and had to answer for anything he gave me.

Q. Recurring to the Garrett matter, Mr. Garrett executed a note which Mr. Potter guaranteed in the bank?—A. Yes, sir.

Q. And Mr. Garrett, to secure Mr. Potter, executed to him, Mr. Potter, certain deeds.

The CHAIRMAN. To Mr. Hanson for Mr. Potter?

A. That is right. Mr. Hanson was a single man, and the idea was whenever the properties were sold, he would ask Mr. Hanson to give a deed to the property, and Mr. Hanson, when the money was paid, would give a deed, and the money would go on Mr. Garrett's notes.

By Senator CARLISLE:

Q. The bank in equity would be entitled to the securities if Mr. Garrett did not pay the note, which they held for Mr. Garrett's benefit?—A. Yes, sir. Mr. Ewer's idea was that they had an equity which they held for the bank's guaranty.

By the CHAIRMAN:

Q. In a letter from Receiver Beal to the Comptroller of the Currency, dated Boston, May 7, 1892, he said:

There were joint accounts between them—

That is, Mr. Potter and Mr. Sinclair—

consisting of purchases and sales of Boston and Maine Railroad stock, and Mr. Potter transferred to the bank, by a letter found among the bank's assets, his interest in the profits of these accounts. After the bank failed he also handed over to me twelve orders on savings banks, signed by Charles A. Sinclair, for the delivery to Mr. Potter of about 2,047 shares of Boston and Maine stock pledged to the savings banks for loans made on the notes of Mr. Sinclair and some of his friends.

Do you know anything about those transactions?—A. I know incidentally of them.

Q. Now state what you know about those twelve orders on savings banks; where were they when the bank failed?

The WITNESS. Those orders?

The CHAIRMAN. Yes.

A. I think they were with Mr. Potter's papers.

Q. In this trunk?—A. I should say they were.

Q. When were they taken out of the trunk?—A. A little while after—that is the very paper I told you about—Mr. Hyde, the assignee of Mr. Potter, in order to protect certain notes—these savings banks notes—asked to have this paper loaned him to make a copy of it.

Q. That transaction, which you have already described, relates to these orders?—A. Yes, sir; the very thing.

Q. Were those twelve orders, as stated in this letter, orders drawn by Mr. Potter at that time, or had they existed previously?—A. Existed previously.

Q. Had they been in the bank?—A. Not in the bank itself.

Q. In the box?—A. I should say they had been in the box. They had been somewhere; not in the bank. They were Mr. Potter's.

Q. Were those Boston and Maine stocks pledged to the bank at the time of the failure?—A. You see they were pledged to twelve savings banks.

Q. The stock was?—A. The stock was.

Q. Were the equities in the stock then pledged to the bank for Mr. Potter's indebtedness?—A. I can not tell you. I can tell you my impression, if you want to know.

Q. That is what we do want.—A. I think there was a paper written in some form giving to Mr. Work, as cashier, the right, perhaps, to fulfill those pledges, and he held the equity of the stock for the benefit of any indebtedness of Mr. Potter to the bank.

Q. The stock itself being pledged to various savings banks for loans?—A. Yes. I think there was a paper that Mr. Work in some form held.

Q. Where was that paper kept?—A. I do not know that. That was in Mr. Work's possession; not in the trunk.

Q. Not in the trunk?—A. No.

Q. Have you had any knowledge of that paper since the failure of the bank?—A. No, sir. I have an idea that that paper was turned over to Mr. Beal.

Q. Is that the paper you have heard described here:

Mr. Potter transferred to the bank by a letter found among the bank's assets his interest in the profits of these accounts.

Is that the paper which you think was given to Mr. Work?—A. I think not. The papers he gave over were these ten or twelve orders on savings banks.

Q. Those orders were signed by Mr. Sinclair?—A. Yes.

Q. Had the loans at the savings banks all been made in the name of Mr. Sinclair alone?—A. I guess there were two other names on them.

Q. Not Mr. Potter's?—A. Not Mr. Potter's.

Q. Mr. Sinclair with two other names borrowed money at savings banks?—A. I should say that.

Q. And the orders for the delivery of this stock were signed by Mr. Sinclair?—A. Signed by Mr. Sinclair, giving to Mr. Potter—

Q. A half interest?—A. No; giving to Mr. Potter authority to pay those loans, take the stock, and he, Mr. Potter, have the equity.

Q. The whole equity?—A. The whole equity.

By Senator CARLISLE:

Q. The effect of the paper which Mr. Potter gave to Mr. Work was to transfer to Mr. Work the right he (Potter) had in this transaction?—A. Yes, sir.

By the CHAIRMAN:

Q. You understand those orders were for only half of the stock?—A. No. Does it say so?

The CHAIRMAN. No, sir.

A. I think it was for all.

Q. Mr. Sinclair gave orders for all the stock?—A. Yes, sir.

Q. Did not the stock for which he gave orders constitute stock purchased by him and Potter on joint account?—A. Yes, sir.

Q. But all the orders covered all the stock?—A. Yes, sir. He did not give Potter orders on stock owned by Mr. Sinclair; only those belonging to him and Mr. Potter. Their interest had been divided.

Q. Every order was for all the stock in that bank?—A. Yes, sir; all to go to Mr. Potter.

Q. State again where you understood those Sinclair orders were when the bank failed and prior to the time when as Mr. Beal says:

After the bank failed he also handed over to me twelve orders on savings banks.

A. That would show they were in the trunk.

Q. Were those the twelve orders which Mr. Beal, Mr. Hyde, Mr. Potter, and Mr. Hutchins took out?—A. I do not know that. My impression was it was a paper giving a list of those loans, the maturity, what stock was on them. But I do not recall those orders. When they were taken out—

Q. As distinct from the list of loans?—A. Yes. But my impression is it was the list of loans taken out.

Q. When the orders got into Mr. Potter's possession, so that he could hand them to Mr. Beal.—A. They came long before.

Q. And had been kept in the box?—A. That is what I am a little in doubt about.

Q. Necessarily you can not be certain, because Mr. Potter had access to his own box?—A. Yes.

Q. There was no reason why he should not open it and take out papers?—A. It was not his practice, but still he might.

Q. There was no reason why Mr. Potter could not have taken them out?—A. Yes, sir; he could.

Q. After the bank failed you remained as clerk under the examiner and the receiver how long?—A. I remained there three or four days, I think. They said they were going to make a reduction in force, and I said if there was anything I could do for them I would be very glad; and they said perhaps they would call on me, and they did.

Q. How long after the 1st of November were you in and out of the bank?—A. Quite a little. I was in there for five or six days especially.

Q. Were you at the bank on Sunday, the day before the failure?—A. Yes, sir.

Q. Were the vaults open at that time?—A. Yes, sir; they were in the possession of Mr. Ewer.

Q. Mr. Ewer took possession on Saturday and was there with yourself and others on Sunday?—A. Yes, sir. I was there Sunday. There were certain questions he wanted to ask in regard to some property in the bank, among others deeds of real estate which he wanted to get recorded, and wanted me to designate those, as to where they should go for record.

Q. These Hanson deeds were taken out of the box and given by you to Mr. Ewer on Saturday?—A. Yes, sir.

Q. You were also there Sunday?—A. Yes.

Q. Did you take out any other papers on Sunday?—A. I do not know whether that vault was open on Sunday.

Q. When, according to your memory, was the question first raised as to the title to that box; very soon after Mr. Ewer took possession?—A. I should not suppose it was.

Q. Was any question raised before you ceased to go there?—A. Yes. I think Mr. Ewer told Mr. Beal; I do not know just what date—when was Mr. Beal appointed?

The CHAIRMAN. He was appointed on Monday, the 1st, or Tuesday, the 2d, but he did not take possession for two or three weeks.

A. He asked somebody to have an eye to that trunk.

By Senator CARLISLE:

Q. Who asked somebody to have an eye to the trunk?—A. Mr. Ewer. All he said to me was, "Leave everything just as it is." I said, "Certainly, I would."

By the CHAIRMAN:

Q. When did you clear out Mr. Potter's desk and lay the bundles out as Mr. Ewer has described?—A. I do not recall; but Mr. Work, my impression is, asked Mr. Beal if he could take out the various papers in Mr. Potter's desk.

Q. Was that within a week after the failure?—A. After Mr. Beal had been appointed, and they wanted to use the desk. There was some gentleman there from Washington.

Q. Mr. Lynch?—A. Mr. Lynch.

Q. Did you clear out that desk?—A. Mr. Work and myself did, and we took the papers and put them in packages, and while we were doing it, getting some out of the lower drawers, Mr. Ewer asked what they were, and I said they were papers from Mr. Potter's desk. He said "I do not know but we ought to have the use of them." He said, "I think these trial balances, among other papers, I guess you had better bundle up, and we will put them in the safe and mark them as from Mr. Potter's desk." It was so done.

By Senator CARLISLE:

Q. That was done?—A. Yes.

By the CHAIRMAN:

Q. The rest of the papers went into Mr. Potter's possession?—A. Yes, sir; Mr. Work had charge of taking them out. I assisted him and handed them to him, and he, under Mr. Beal's authority, took them out and sent them over to Mr. Potter.

By Senator CARLISLE:

Q. Did you open and look at them?—A. No. Those trial balances I saw were returned back.

Q. You mean the papers returned to Mr. Potter?—A. No, they were generally letters.

By Senator DIXON:

Q. There was no list kept?—A. No, sir; it would be just as your desk would be, a catch-all of correspondence, and various matters that were indefinite. He had a lot of knives and stamps, and a few little trinkets that were his own, and they seemed to think that he was entitled to them.

By the CHAIRMAN:

Q. How were they moved from the bank?—A. They were made up into packages, wrapped up and sent over.

Q. Mr. Kellogg, what knowledge had you of Mr. Potter's private loans, the money that he borrowed from the bank, either directly or through other people?—A. They would be compiled on his books as he gave them to me.

Q. You had a knowledge of them?—A. A general knowledge.

Q. And what persons were making notes for him?—A. Yes.

Q. You have seen the testimony taken before this committee?—A. I have been in here a little, thinking you would call me.

Q. You have seen in the newspapers the statements of these young men and others who made notes for him?—A. Yes.

Q. You may state, as a general thing, who procured them to sign notes for Mr. Potter?—A. Mr. Potter himself, usually. He would ask me to fill out a note for whatever amount he chose, and I would fill it out and leave it on his desk.

Q. Many of the notes which have been put in evidence are in your handwriting?—A. Yes, sir.

Q. Did Mr. Work do anything of that sort?—A. He would sometimes ask me, and he would say: "Mr. Potter says, make a note so and so." Being right close to one another, the order would not always come direct to me.

Q. Did you solicit any of these persons to sign these notes?—A. I think I asked my brother. You were asking the other day about a Mr. Bixby. He is now deceased.

Q. Edgar M. Bixby?—A. Yes, sir.

Q. Who was he?—A. He used to be, years ago, a clerk in the Bank of the Metropolis. I heard you ask about him. I did not want to interrupt you, but I could have told you who he was.

Senator CARLISLE. I was under the impression it might be a misprint, or else a fictitious name. It was said he had been with Evans & Co., and the clerks there said there never had been such a clerk in that place.

By the CHAIRMAN:

Q. Edgar M. Bixby was a real person, now dead?—A. Bixby had a little account in the bank.

Q. He is not now living?—A. No, sir.

Q. He was not responsible for \$30,000 or \$40,000?—A. Not for such an amount. There was collateral with the note.

Q. It was an accommodation note?—A. Yes, sir. It was hoped there was sufficient collateral with which to protect it. There was when it was given.

Q. Were any accommodation notes signed by any one, either filled up or in blank, kept on hand either by Mr. Work or Mr. Potter, or by you?—A. No, sir.

Q. There was not an envelope in which such notes were kept for future use?—A. No, sir.

Q. As far as you know, were these notes procured only as needed?—A. The question was asked Mr. Cox, and he said he might have signed a blank note. I have an idea that note was filled up before.

Q. Have you any recollection of filling up any note signed in blank?—A. No, sir.

Q. Or that any were ever kept in the bank?—A. No, sir.

Q. Have you any recollection of any being filled up, but not dated, which you dated, when you used them?—A. No, sir.

Q. Have you not seen one such put in the testimony?—A. No, sir.

Q. Where the body was in one handwriting and the date in your handwriting?—A. No, sir.

Q. There was one such note put in evidence.—A. Was there?

Q. Have you any recollection of it?—A. No, sir.

Q. How would you account for it?—A. Perhaps the party who filled up the note did not date it, and asked me to date it.

Q. But a printed form, wholly blank, you do not remember ever to have filled up after it was signed?—A. I should say not. I laid those notes, as they were asked for, on Mr. Potter's desk. I did not know who was to sign them. As clerk, I handed them to him. I supposed it was nothing out of the way to do.

By Senator CARLISLE:

Q. We are endeavoring to ascertain the causes of the failures of various national banks; whether such failures are attributable to bad financial management or to violations of law upon the part of the officers of the bank, or to neglect of duty upon the part of the officials of the Government; and I want to ask you generally, if you know, as to the character of the collateral which was received by this bank for these various notes, at the time they were received. Take, for instance, the West End Land Company stock, which seems to have been used quite often, and for large sums. What was the character of that stock and its value?—A. Take, for instance, that note of Mr. Cox's for \$40,000 on 1,500 shares of West End Land Company. At the time that note was given, the stock was selling for more than \$40,000.

Q. That particular stock?—A. Yes, sir.

Q. What was the highest point that stock reached in the market?—

A. I do not think it reached 40; it reached 39.

Q. Thirty-nine dollars on the hundred?—A. Thirty-nine dollars on the hundred. There was no par. The stock is to-day 18, and then it was twice that amount, \$39 on the hundred.

Q. When did it begin to go down?—A. I do not know; many years ago, but it went up to that very high point. I do not know when that company was formed. But when the stock did go down, it went down quite rapidly.

Q. What was the cause of the depression?—A. I do not know. They were wanting more money for the road, getting electrical appliances, and many people thought that electricity was in its infancy, and said "they spend so much money; I do not believe they can pay dividends."

Q. Did the bank continue to receive that stock as collateral for large amounts after it began to decline?—A. It would receive it at a very greatly reduced rate, you know; for instance, if the stock was 18 or 20, they would not loan over \$12 or \$15 on it, if they would that.

Q. Your understanding was that the practice of the bank was to get collateral which was supposed to be good at the time?—A. Yes.

Q. How about the other stocks there; name some of the more prominent ones?—A. Years ago Atchison used to be used on loans. That was thought by everybody a good 6 and 7 per cent stock. That stock went up to 115, and then it began to tumble. I do not believe that within the last three years our bank had—I was going to say—over 500 shares. We discarded that stock as a loaning stock. Maine Central, we had much of that. That was a reasonably good stock.

Q. Now, suppose the bank held a note for \$40,000 or \$50,000, secured by any one of these stocks, and the stock began to decline or did decline so as to be insufficient collateral, what was the custom of the bank?

The WITNESS. On that particular note, on an accommodation note? Senator CARLISLE. Any note upon which the bank had advanced money.

A. If it was one of the accommodation ones of Mr. Potter, for instance, he had general collateral. He kept a very large amount of what you call general collateral in the bank, which was supposed to offset any decline in the particular stock.

Q. I understand he had there what you call general collateral, and when he executed a note or had some one execute a note for him, with his guarantee, he would sometimes, but not always, put with it special collateral, with the understanding that if the special collateral was insufficient, to fall back upon the general collateral?—A. Yes, sir.

Q. Was that the case with anybody else?—A. Others of the directors, Mr. French.

Q. How about Mr. Dana?—A. Mr. Dana had some general collateral in the bank; his was not so large as Col. French's. Col. French and Mr. Potter had probably the largest amount of general collateral.

Q. Now we will take a loan where there was no general collateral?—A. If it were an outside party they would ask him to pay a part of it or put up more collaterals. In some cases where they did not give ample margin we would tell them we would sell the stock, and we have sold it to protect ourselves.

Q. You have sold it?—A. Yes, sir.

Q. What is the Boston Cab Company?—A. That was a local company here, but I do not believe there is very much of that stock out. It is in our bank to a very limited extent.

Q. I notice once or twice in this list Jacksonville, Tampa and Key West Railroad securities.—A. That is an outcome of the Florida Commercial and Florida Land Company.

Q. What was the condition of that company?—A. That company—the Florida Commercial or Land Company; the Florida Southern Railway—I do not know the merits of more than that they kept paying interest on their bonds, 6 per cent interest. They paid them up, and later the road was incorporated into the Jacksonville, Tampa and Key West. They have paid their interest until, I think, within a few months. The minority—that is what I suppose you would call it—the minority people of the road have asked for a receiver.

Q. When you say a few months past, do you mean last past or a few months before the failure?—A. I do not know whether the Tampa paid interest last July.

Mr. BULLARD. They have always paid.

The WITNESS. That was the Florida Southern Railway, merged into the Jacksonville and Tampa, and while those bonds have not an actual everyday value, they have paid their interest, 6 per cent.

Q. Is there anywhere, or was there among the papers of the bank, a list of the general collaterals pledged by Mr. Potter and Col. Jonas H. French?—A. I do not know what the discount clerk kept. I do not know whether there was or not. I should say generally not.

Q. How would the bank know what general collaterals it held unless some officer or employé of the bank kept a list?—A. That question has been asked before, and I said I was not a discount clerk. I did not keep any list.

Q. I am not asking you whether you kept one or not.—A. And it was asked whether the Maverick Bank kept one, and I said I did not know that the bank kept any list. It was asked whether they had one, and I said I did not know. Years ago they used to keep, when the bank

was small (I have seen the book), a list of the collateral of every person —

Q. That is special collateral?—A. And whenever anything was changed they would change it on the book.

Q. Where were the collaterals themselves kept?—A. They were kept in what I suppose you would call the specie vault.

Q. In whose custody?—A. In the custody of the cashier really and the assistant.

Q. The cashier and his assistant?—A. And the discount clerk had access to them.

Q. Did the officers of the bank and the directors have access to them?—A. Only through the cashier.

Q. So that if Mr. Potter or Col. French or Mr. Dana or any other director desired to look at these collaterals he had to get permission from the cashier?—A. Yes, sir. They were always kept locked.

Q. Do you know whether they were turned over to the receiver?—A. My impression is the receiver took possession of those, and took everything there was. I do not know actually.

Q. That is your impression?—A. Yes, sir.

Q. Did you ever see those collaterals?—A. Yes, sir.

Q. Did you ever go over them and make a list of them so as to be able to state what they were?—A. I have at times gone over them when I was asked. If the cashier asked me I would make a list and give it to him; but I do not recall when.

Q. Where were they at the time you made the list?—A. They would be in the safe, and he would either give them to me or bring them out to my desk, so that I could make the list.

Q. That is the case where the collaterals actually were there?—A. Yes, sir.

Q. Were there other collaterals pledged, or rather the equity in other collaterals, pledged generally to the bank; and if so, how was that done?—A. The only equity that I can recall was in the Sinclair matter.

Q. That is the only one?—A. That is all I can recall.

Q. You know of no other case where stocks or bonds of Mr. Potter, Mr. French, or Mr. Dana were pledged somewhere else for a debt and the equity transferred to this bank?—A. No. Mr. Potter owned some bank stock, quite a large amount. He had some of that stock out on loans to savings banks at par or nominally par.

By the CHAIRMAN:

Q. Stock in the Maverick Bank?—A. Yes, sir; and he gave Mr. Work some time or other a list of the loans, and Col. French did the same, and gave him authority at any time to pay them, and to apply any equity there was in the stock to their indebtedness.

By Senator CARLISLE:

Q. Did you ever, at any time, find in the list of collaterals on which he was borrowing money, stock of the bank itself?—A. None.

Q. There was none of that stock among them?—A. No, sir.

Q. That was used outside if used at all?—A. Outside.

Q. Did the bank have any equity, any transfer of equity, in its own stock?—A. Yes. Mr. Potter executed a paper and Mr. French did the same, stating where those loans were, and giving authority to Mr. Work or his assignees—I guess it read that way—to pay those loans and to use the equity in them for any indebtedness of either of the parties.

Q. Do you know any case where Mr. Potter or any other director or

stockholder of the bank borrowed a specific amount of money, and pledged the stock of the Maverick, or equity in Maverick Bank stock, for that particular loan?—A. No.

Q. Then there was simply the general collateral for the residuary, for them, to fall back upon at last?—A. Yes, sir. I am trying to give you everything. I want to give you everything I know.

Q. If you have any statement, make it.—A. They asked if Mr. Potter owned any stock himself which he had fully paid for, and where that was. He owned quite a great number of shares, fully paid for, and that stock was left with Mr. Work, as trustee.

By the CHAIRMAN:

Q. Shares in what?—A. The Maverick Bank. Instead of being in the savings bank he owned some stock, personally, fully paid for, and this stock was left in this same form with Mr. Work, as trustee, to sell in case of any—

Q. Before the bank's failure?—A. He has held it off and on for many years.

Q. Holding it for the bank?—A. Holding it to protect himself, as cashier, against any note of Mr. Potter.

Q. How large an amount was that?—A. I can not recall that. I was asked that question before.

Q. You mean more than \$20,000? You spoke of such an amount—as that.—A. No, he owned some 1,500 shares of stock, I think.

Q. Which would be \$150,000?—A. At par.

Q. Of the \$400,000 capital?—A. Yes.

Q. How large an amount of that was in Mr. Work's hands, as you state?—A. A few hundred shares. I do not know that I can tell you accurately.

Q. That is as near as you can state it?—A. Yes, sir. It was what he had not in the savings banks. He had some in his private box; quite an amount; I should not say how much. That was for Mr. Work's protection, as cashier, for any matters of Mr. Potter.

Q. Were all the guaranties which Mr. Potter and Mr. Sinclair gave for each of these accommodation notes kept in the bank with the notes themselves?—A. No.

Q. Was each guaranty with the particular note to which it belonged?—A. No; they had what they called a guaranty envelope that they put them in.

Q. A what?—A. An envelope they put them in, marked "guaranties."

Q. Who kept them?—A. The cashier; or rather kept through the discount clerk's possession.

Q. Kept in which vault in the bank?—A. Kept in the steel vault where they kept all the collateral.

Q. Whom do you understand had the custody of those guaranties?—A. Mr. Work and Mr. Domet, or the discount clerk. It was right through them. The keys were such that either of them could get them if they chose.

Q. Those general guaranties, and some of the special guaranties, were kept in an envelope?—A. They were always kept so until Mr. Beal or somebody took them out and put them with the notes.

Q. Were there any papers in this black trunk in reference to the settlement made by the bank with Irving A. Evans & Company through Mr. Potter?—A. No, sir; not to my knowledge.

Q. Do you remember any such papers?—A. No, sir.

By Senator DIXON:

Q. Was there any particular place where the securities that were pledged for the payment of any certain notes were kept?—A. Right on the discount book they would describe the note. Then there was a column describing the indorsement and collateral. If you read right across the note line you would see that they had put the collateral that there was with any such note. If it were a demand note, it was listed on the cover, unless it said "sundry collateral," which would mean it could not be put on the cover. It was always put on the discount record, except, as I say, once in awhile there were so many of them that they could not put them on the cover, and they had to say, "sundry stock." For instance, if Richardson, Hill & Company would put in a whole lot of collaterals, they would say "sundry collateral."

Q. Is there any way by which those notes could be followed and traced, if they were renewed from time to time?—A. Of course that can be done. Every note had a number to it. Here is a number on the page where it is entered. When it goes out, they would enter it down in the column, and there would be the number of the note; also any partial payment and finally balance paid.

Q. So that when anybody wanted to find out about a particular loan, they could trace it?—A. Yes, sir; it can be traced. You take a loan with many partial payments, while it could be done, it would take some time. You take a demand note, they were covered.

By the CHAIRMAN:

Q. Put in a cover?—A. And on that cover would be the date of partial payments, and the date when the note was finally paid.

Q. Where were the collaterals put?—A. They would go into the collateral compartment.

Q. They would go elsewhere?—A. Yes, sir.

Q. In some cases the collateral was entered upon the discount book in this form of which you speak, but in many cases it was not therein?—A. I do not know. It ought to have been. If there were sundry stocks they might not be able to.

Q. Without specific collateral you mean?—A. Then it would show on the telltale.

Q. I mean on the discount book?—A. It was the intention to make a full description of the collateral and the note.

Q. I am asking you whether it was omitted in many cases?—A. Not to my knowledge.

Q. You do not know of any cases where the collateral was omitted?—A. No, sir.

Q. Then if it was always entered it would be possible to trace every note and its specific collateral by the discount books?—A. Yes, sir. You take some of these brokers, and others, such as Richardson, Hill & Company, and Lord & Mandel, and they would change their collateral from day to day. They were bankers and brokers. They would bring in a little memorandum of substitution. They would want certain stocks, and put others in place of them. When they came to pay the note they had equivalent stock for the amount they owed, but would not have the original collateral. The papers could be found.

By Senator CARLISLE:

Q. Was there any account kept except by the discount clerk—such as "bills receivable"?—A. No, sir; the discount clerk had the entire papers.

Q. Everything you could learn about a note had to be ascertained from him?—A. Yes, sir; go right through that account.

STATEMENT OF JOHN R. BULLARD.

The CHAIRMAN. Is it your name which appears here as having a large overloan at the Maverick Bank?

Mr. BULLARD. It is my name, but I should say the loan was not a large overloan—seven or eight thousand dollars over forty thousand.

The CHAIRMAN. An overloan?

Mr. BULLARD. Yes, sir; there is one loan there.

The CHAIRMAN. How many times is it reported in this report, that you remember?

Mr. BULLARD. I do not know; it has never been erased.

The CHAIRMAN. There was only one such loan?

Mr. BULLARD. Only one loan.

The CHAIRMAN. Was that a loan to you, or on collateral?

Mr. BULLARD. A loan to me on collateral.

The CHAIRMAN. It was your own note?

Mr. BULLARD. It was my own note. No officer in the bank had the slightest interest in it.

Senator CARLISLE. Were you an officer in the bank?

Mr. BULLARD. No, sir.

The CHAIRMAN. This loan is what it appears to be on its face?

Mr. BULLARD. Yes, sir; simply a business transaction.

TESTIMONY OF THOMAS F. BISHOP.

THOMAS F. BISHOP, being duly sworn, testified as follows:

By the CHAIRMAN:

Q. Give your name, occupation, and home residence?—A. Clerk, Second National Bank; residence, 595 East Fourth street, South Boston.

Q. What was your employment at any time for the Maverick Bank?—A. Private secretary for Mr. Potter.

Q. Were you a shorthand writer?—A. Yes, sir; stenographic secretary—private secretary.

Q. For what length of time?—A. I filled that position from, I think, 1887. Prior to that I worked as a clerk in the bank.

Q. Down to the bank's failure?—A. Yes; down to the time of the failure.

Q. What were you in September, 1889, shorthand writer?—A. September, 1889, I am quite positive I was.

Q. Did you ever take the place of the discount clerk?—A. No, sir.

Q. You never did anything except shorthand work and work incident to it?—A. That is from the time I filled that position up to the time of the failure of the bank.

Q. Yes; we understand. What was your place in the bank before that?—A. A general clerk.

Q. A general clerk?—A. Yes, sir.

Q. You may look at this slip marked "Credit, 188," and see if it is in your handwriting?—A. (Examining slip.) Yes, sir.

Q. It is a slip taken from the bank's retained copy of its report to the Comptroller of the Currency, September 30, 1889. Is that in your handwriting?—A. Yes, sir.

Q. You will notice the erasures of names and amounts.—A. (Examining slip.) Yes, sir.

Q. Were those made by you?—A. I have absolutely no recollection of making the slip.

Q. You may state whether you have any doubt you made the slip.—

A. No, sir; I can state that that is in my handwriting.

Q. You can state that?—A. Yes, sir.

Q. You may state whether you made those erasures or not.—A. That I can not say. If I had been asked, prior to coming here, if I had made out such a slip, I could not have answered; and even now, as it is, I do not know how it comes to be in my handwriting, except from the fact that I was a fine writer and a good deal of this narrow lining would come to me.

Q. It was handed to you to copy?—A. Undoubtedly. Do you say this is from some report to the Comptroller?

Q. This was found with the data from which the report to the Comptroller of the Currency, September 30, 1889, was made. Have you any recollection about it?—A. No, sir; unquestionably it was handed to me to be copied.

Q. Did Mr. Dunbar ever have anything to do with your work in the bank?—A. No, sir.

Q. Was he there while you were there?—A. He was there for a year and a half prior to the closing of the bank, and before that time had been with a trust company for two years.

Q. That is not his handwriting?—A. No, sir; it is mine.

Q. Can you tell who made those erasures?—A. I can not.

Q. Examine the paper carefully and see if you can give us any information?—A. I want to do it, Senator, but I can not state positively how I made that paper. It is possible that in making up the report to the Comptroller somebody in the bank handed me this slip to write. That is the only way it would come to me.

Q. Can you form any opinion as to whether those are your check marks at the left of the amounts?—A. I do not think they are, because I do not know why I should have checked them.

Q. Have you any recollection of having made up any list of this kind?—A. No, sir.

Q. Or having to do with the report of the overloans of the bank?—

A. It is in my mind that, for some reason, some report to the Comptroller was handed to me to be interlined, because I could write finer than the others. I will not say that positively.

By Senator CARLISLE:

Q. If this was given to you to be copied, have you any idea who gave it to you?—A. It would be either Mr. Work or Mr. Kellogg, if it was from the report to the Comptroller.

Q. Did Mr. Work at any other time, as far as you know, ask you to copy a list?

The WITNESS. Of that nature?

Senator CARLISLE. Yes, sir.

A. Not to my recollection.

Q. You have no recollection of this list?—A. Except that it is in my handwriting. I can not say who gave it to me.

Q. Can you say to whom you returned it?—A. To one of these two men.

By the CHAIRMAN:

Q. May it not have been Mr. Potter?—A. No, sir; Mr. Potter never gave me anything of that kind.

Q. Mr. Potter never gave you any directions about such work for him?—A. No, sir.

Q. Anything from Mr. Potter would come through Mr. Kellogg?—A. Yes, sir; except letters. Anything in the nature of clerical work would come through the cashier of the bank. I might have assisted Mr. Kellogg in copying this.

Q. Did you, as shorthand writer, take dictations of letters?—A. Yes, sir.

Q. From whom?—A. From Mr. Potter and Mr. Work, both.

Q. You worked indiscriminately for them?—A. There was not enough work generally, and I did the special correspondence of the bank.

Q. What is your age?—A. 35.

TESTIMONY OF CLARENCE JOHNSON—Recalled.

By the CHAIRMAN:

Q. Have you been looking for Mr. Frank E. Smith this morning?—A. Yes, sir.

Q. What did you learn?—A. I learned that he was somewhere on the coast of Maine on a vacation, and would be back next Monday.

Q. When did he go away, did you learn?—A. The expression used was, "The first of the week."

Q. The first of the week?—A. The first of the week.

Q. As you understood it?—A. Yes, sir.

Q. From whom did you learn these facts?—A. Mr. Kean.

Q. Mr. Frank E. Smith is with Mr. Kean. He is one of the clerks of the receiver?—A. Yes, sir; at present at work in the receiver's office.

At 1:30 o'clock p. m. the committee took a recess until 2:30 o'clock p. m. At the expiration of the recess the committee resumed its session.

STATEMENT OF EDWARD W. HUTCHINS.

The CHAIRMAN. Mr. Hutchins, you will not be sworn. Be kind enough to give your name, residence, place of business, and occupation.

Mr. HUTCHINS. Edward W. Hutchins; residence, 113 Marlborough street, Boston; lawyer; place of business, Sear's building, Boston.

The CHAIRMAN. What is your firm?

Mr. HUTCHINS. Hutchins & Wheeler.

The CHAIRMAN. Were you counsel for the clearing-house committee when the Maverick Bank failed?

Mr. HUTCHINS. I was.

The CHAIRMAN. How long before that time had you been such counsel?

Mr. HUTCHINS. I was first spoken to on Thursday, the 29th of October, 1891.

The CHAIRMAN. The day the letter was written to Washington?

Mr. HUTCHINS. Yes, sir. I was spoken to about an hour before the writing of that letter.

The CHAIRMAN. Were you ever counsel for the clearing house before that time?

Mr. HUTCHINS. Yes, sir; our firm had two matters in charge for them, both before the legislature, questions of proposed legislation affecting national banks. I think those were the only matters in which our firm ever represented them.

The CHAIRMAN. Did the clearing house have standing counsel, or did they employ counsel when they had occasion to?

Mr. HUTCHINS. I do not know.

The CHAIRMAN. As far as you know?

Mr. HUTCHINS. I personally had never had anything to do for them.

The CHAIRMAN. You went to Washington?

Mr. HUTCHINS. Thursday afternoon. I was first spoken to about 11 or 12 o'clock on that day.

The CHAIRMAN. How long had you been counsel for the clearing-house committee in connection with the Maverick Bank?

Mr. HUTCHINS. I do not recollect doing anything for them after the bank closed. There was, after that, an entirely different matter of proposed legislation which came up in connection with the trust companies of Boston, in which I had to do, but nothing in this matter.

The CHAIRMAN. Then practically, as far as the clearing-house association is concerned, your services as counsel as to that bank ceased after the failure of the Maverick Bank?

Mr. HUTCHINS. Yes, sir.

The CHAIRMAN. How soon did you become counsel for the receiver, Mr. Beal?

Mr. HUTCHINS. Mr. Beal was appointed on the 2d day of November. I think he qualified on the 10th, if I remember aright, and at the time he qualified it was understood I was to be his counsel.

The CHAIRMAN. Was it not so understood during the intermediate time?

Mr. HUTCHINS. There is a statute of the United States which provides that the United States district attorney shall represent the receiver, and Mr. Beal desired to have counsel of his own, thinking that the United States attorney would be too fully employed in other matters to give him the time he needed. There was some question about our firm representing Mr. Beal, and I think the Comptroller gave his consent to it about the 8th or 10th of November.

The CHAIRMAN. But practically, from the 29th of October up to that time, you had advised with Mr. Beal and had knowledge of the affairs of the bank.

Mr. HUTCHINS. Yes, sir. But if I had not been employed as counsel he would not have received any bill for those services.

The CHAIRMAN. I see. You had a knowledge continuously from the 29th of October? That is the point I wish to get at.

Mr. HUTCHINS. Yes, sir; from the 29th of October, if that is the day—from noon of that day.

The CHAIRMAN. Now, Mr. Hutchins, you may state when you first had knowledge of this black trunk claimed by Mr. Potter.

Mr. HUTCHINS. Within a very few days after the failure of the bank, Mr. Hyde came into the bank and said that there was a black trunk there. I was in the bank at the time with Mr. Beal. He said that the trunk contained Mr. Potter's private papers, and that he wished to obtain therefrom certain fire-insurance policies upon buildings owned by Mr. Potter at Cohasset and in Boston, which policies he was entitled to because he was the assignee for the benefit of Mr. Potter's creditors, Mr. Potter having made an assignment, I think Saturday night, the 31st day of October. He produced the key of the trunk; Mr. Beal pro-

duced the trunk; we opened it together, and Mr. Hyde took therefrom some policies, which I looked over, and Mr. Beal looked over to see that they corresponded with the description. As I remember it, they were delivered to Mr. Hyde, and I think the receipt was put back in the trunk in their place.

The CHAIRMAN. And from that time on it was understood that the trunk was to remain there until some formal decision was made about it.

Mr. HUTCHINS. Nothing was done after that for some days. Then Mr. Hyde came and said there were certain bank books there; as I understood it, savings-banks books, running to him as trustee for some female member of his family. I think he took those.

The CHAIRMAN. Mr. Hyde's family?

Mr. HUTCHINS. No; Mr. Potter's family. I think he took those, and left his receipt for them. Within a very few days Mr. Potter—

The CHAIRMAN. After that?

Mr. HUTCHINS. Yes. Of course my memory is a little uncertain as regards dates. But within a very few days Mr. Hyde came and said there were in the trunk papers concerning Boston and Maine Railroad stock, which belonged to the assets of the bank. The trunk was opened, and from it were taken—

The CHAIRMAN. In whose presence?

Mr. HUTCHINS. In the presence of Mr. Beal, Mr. Hyde, and myself; I think Mr. Potter was there, but I will not be certain. I do not think that Mr. Hart, the coassignee of Mr. Potter with Mr. Hyde—

The CHAIRMAN. What Hart?

Mr. HUTCHINS. The postmaster.

The CHAIRMAN. Thomas N. Hart?

Mr. HUTCHINS. I do not think he was there, but he may have been.

The CHAIRMAN. Now go on and state what was taken out.

Mr. HUTCHINS. There was taken out of the trunk the original paper of which that [exhibiting] is a copy. I suppose there were two of them, and that they were drawn as duplicates, when they ought not to have been, and one was signed by Potter and one by Sinclair. This is an exact copy of the paper taken from the trunk.

The CHAIRMAN. The one taken out was signed by Sinclair?

Mr. HUTCHINS. Yes.

The CHAIRMAN. And if it were executed in duplicate, the one that was signed by Mr. Potter would be in Mr. Sinclair's possession?

Mr. HUTCHINS. Yes, sir.

Senator CARLISLE. Potter did not sign this duplicate?

Mr. HUTCHINS. It never has been signed by him.

The CHAIRMAN. What else was taken out at that time?

Mr. HUTCHINS. There were eleven orders signed by Charles A. Sinclair, addressed to various holders of notes enumerated in this schedule.

The CHAIRMAN. Being banks?

Mr. HUTCHINS. Being banks and individuals, requesting those banks and individuals to deliver to Asa P. Potter, or order, the shares of stock held by them as collateral for these notes which are scheduled here. Those orders were indorsed in blank upon the back by Mr. Potter, and had been before we got them.

The CHAIRMAN. And were there in the box?

Mr. HUTCHINS. And were there in the box.

The CHAIRMAN. With the original of this paper?

Mr. HUTCHINS. Yes, sir. I think that that is all that was taken out at that time. Ten orders were handed to Mr. Beal, and by him, I think,

either kept or handed to me. One of those orders was delivered to Mr. Hyde. I do not think anything else was taken out at that time.

The CHAIRMAN. Can you state why this one copy was delivered to Mr. Hyde, and what the theory was with which he dealt with those papers?

Mr. HUTCHINS. Mr. Hyde said in explanation of this transaction that Mr. Potter had a joint account interest with Mr. Sinclair; that there had been a partial settlement of that joint account interest by which Mr. Potter assumed and agreed to pay these notes enumerated here, and was entitled on payment of them to the collateral called for; that there was a surplus—the collateral was worth more than the debts; that that belonged to Mr. Beal as receiver of the bank; that he, Mr. Hyde, I do not think he said counsel, but he intimated that his relations with Mr. Sinclair were such that Mr. Sinclair would do as he requested; that he would get Mr. Sinclair to renew those loans provided Mr. Beal would not swamp the market with Boston and Maine railroad stock, which he (Mr. Sinclair) was bound to support and had to support for his own purposes, whatever they were; that Mr. Sinclair was very anxious that that stock should not be placed upon the market, for it would hurt him, and that he would be willing to renew those notes and carry them along until such a time as the stock could be marketed.

The CHAIRMAN. In order that the receiver might get the market price?

Mr. HUTCHINS. In order that the receiver might get the market price without breaking it, which was in accordance with the policy which Mr. Beal pursued—not to break the market when his holdings were large. We therefore gave that order to Mr. Hyde to be used in renewing the loan which was due the 17th of November at the Warren Savings Bank, I think, although I may be mistaken about that.

The CHAIRMAN. The reason that that particular order was taken out was the proximity of the maturity of that loan?

Mr. HUTCHINS. Yes, sir. It was the first of these loans that matured, and I think it was the 17th of November.

The CHAIRMAN. Although taken by him it was regarded as in the same category with the others?

Mr. HUTCHINS. Exactly; it was only taken because he had to renew the loan.

The CHAIRMAN. How soon was this after the failure of the bank?

Mr. HUTCHINS. I can only say it was sometime between Mr. Beal's taking possession, which was the 10th, as I remember it, and the 17th, the day of maturity of this loan. It was within that week. He did take that paper. He left a receipt for it, which I think Mr. Beal has here. He also took the original of this under that arrangement.

The CHAIRMAN. That loan was renewed until the final settlement was made at a later period?

Mr. HUTCHINS. It was renewed.

The CHAIRMAN. What evidence was there that Mr. Potter's equity in this half of a stock transaction of his and Mr. Sinclair was pledged to the Maverick Bank at that time?

Mr. HUTCHINS. I had to investigate that question later, when I came to advise Mr. Beal in regard to making settlement with Mr. Sinclair. I will state it fully now.

The CHAIRMAN. As it appears in the written letter printed in the testimony?

Mr. HUTCHINS. Yes. As I understand it, these papers were in Mr. Potter's own custody, in his black trunk, or the black trunk which he

claimed. The orders were indorsed so that they could have been used to pledge to anybody, and there was no memorandum of this particular lot anywhere on the books of the bank. I did succeed in obtaining from Mr. Ewer some evidence which satisfied me that he had valued what he called the equity in Mr. Potter's Boston and Maine joint account with Mr. Sinclair as one of the assets of the bank, and he said that that was the paper that he used as the evidence of the bank having that equity.

The CHAIRMAN. Did you understand that transaction was made on the second—that Monday?

Mr. HUTCHINS. That was a year before.

The CHAIRMAN. Oh, yes; excuse me—1890.

Mr. HUTCHINS. I am afraid I am not stating it clearly.

The CHAIRMAN. That is my mistake. I noticed the date.

Mr. HUTCHINS. Mr. Ewer told me that he did value it, that he took the number of shares, and that he had got the market price from Mr. Potter, and he put in as one of Mr. Potter's assets, pledged to the bank as his general collateral for his loan, a certain interest in Boston and Maine stock, which was covered by that. That was dated a year before, in November.

The CHAIRMAN. Do you know, Mr. Hutchins, whether the first report of the receiver scheduled those claims?

Mr. HUTCHINS. No, sir; I do not think it did. What do you mean by the "first report of the receiver?"

The CHAIRMAN. The receiver's first duty was to file a schedule, which he did, with his report of the condition of the bank on the 31st of October, 1891. I want to know whether they were given in that schedule.

Mr. HUTCHINS. I do not think he did, but I think he put it in a letter. I think he put it in a letter which he wrote, together with the report. The report was made up of the assets of the bank, as he found them, and this was not listed among the assets, and I think it is probably found in a letter.

Pardon me if I go back to the black trunk. There were in the black trunk, I think, certain life-insurance policies upon Mr. Potter's own life, payable to his wife, which I think were taken from the black trunk at one of these interviews that I have mentioned, and his receipt given to Mr. Beal.

Mr. BEAL. Mrs. Potter's receipt?

Mr. HUTCHINS. Yes, Mrs. Potter's receipt.

The CHAIRMAN. Now, I will ask you when you first saw this letter, which you now produce:

BOSTON, November 2, 1890.

HON. CHARLES A. SINCLAIR,
Boston, Mass.

DEAR SIR: Please pay to Joseph W. Work, or order, all profits represented by my interest in Boston and Maine stock purchased for joint account.

Yours truly,

ASA P. POTTER.

Indorsed "J. W. Work." When did you first see that paper?

Mr. HUTCHINS. That paper, as I remember it, was among the assets of the bank, and was in with the rest of Mr. Potter's general collateral.

The CHAIRMAN. That, you believe, was not in the black trunk, but was among the assets of the bank?

Mr. HUTCHINS. Yes, sir.

The CHAIRMAN. And that led you to make inquiry as to what there was of value in the bank connected with that paper?

Mr. HUTCHINS. Yes, sir.

The CHAIRMAN. The result of which you understand to be that these eleven orders were produced?

Mr. HUTCHINS. Yes, sir; I think voluntarily produced by Mr. Hyde. I think Mr. Hyde came forward and gave us the first information we had of the existence of these orders.

The CHAIRMAN. But this paper the receiver and you knew about?

Mr. HUTCHINS. Yes, sir.

The CHAIRMAN. And Mr. Ewer?

Mr. HUTCHINS. Yes, sir.

The CHAIRMAN. And were naturally inquiring what that meant?

Mr. HUTCHINS. Yes, sir.

The CHAIRMAN. If it was found among the assets of the bank, it was the duty of all of you to see what it amounted to.

Mr. HUTCHINS. Yes, sir.

The CHAIRMAN. Was it thereupon or thereafter that Mr. Hyde and Mr. Potter consented to have these eleven orders delivered?

Mr. HUTCHINS. I do not think Mr. Beal or myself had made any investigation of this. Of course, Mr. Beal did not take possession until the 10th of November, and he was loaded up with a great deal of money that did not belong to him, and he had all he could attend to. Therefore, I think that he did not make any investigation of this at the time Mr. Hyde came forward and told him.

The CHAIRMAN. I wish to confine your examination to the contents of the black box in which you did find the document which was given to Mr. Hyde and the eleven orders, as you have stated.

Mr. HUTCHINS. Yes.

The CHAIRMAN. And did not find this Sinclair paper of November 2, 1890, which was in the bank?

Mr. HUTCHINS. Yes, sir.

The CHAIRMAN. What has been taken out of that box or trunk that you have not already mentioned?

Mr. HUTCHINS. I have mentioned the life-insurance policies, the savings-banks books, the papers concerning the Boston and Maine transaction, and the fire-insurance policies. I do not remember any others. Every paper in that trunk was taken out at one interview—

The CHAIRMAN. I mean taken away.

Mr. HUTCHINS. And all restored.

Senator CARLISLE. What about the Hanson deeds.

Mr. HUTCHINS. Those are in my office now, but how they got there I cannot tell you.

The CHAIRMAN. You know nothing of anything else being taken out of that box? You were not present when they were taken out?

Mr. HUTCHINS. I would not testify that there were not, but I would say I do not remember.

The CHAIRMAN. We are speaking of the papers taken out and taken away.

Mr. HUTCHINS. None others.

The CHAIRMAN. Than you have already stated?

Mr. HUTCHINS. No, sir.

The CHAIRMAN. On one of these occasions were all the contents of the trunk taken out and looked at by you?

Mr. HUTCHINS. Yes, sir.

The CHAIRMAN. And the bulk of them replaced?

Mr. HUTCHINS. Everything was replaced except the papers I mentioned.

The CHAIRMAN. Who had the keys?

Mr. HUTCHINS. Mr. Potter had, and I think at certain of our interviews Mr. Hyde produced the key to that trunk.

The CHAIRMAN. The bank had no key to your knowledge?

Mr. HUTCHINS. The bank had no key. The trunk was in a compartment with an iron door, unlocked, in a vault where there were kept certain of the bank's books. Among others, the record book of the meetings of the stockholders and directors, and books generally that were not in active use, I should say. The key to the vault—

The CHAIRMAN. Which vault?

Mr. HUTCHINS. Which was a combination, I think Mr. Beal had. He may not have had it at first, but he certainly had it later.

The CHAIRMAN. About the contents of this box, on what occasion was it that they were all taken out?

Mr. HUTCHINS. Mr. Hyde requested Mr. Beal and myself to go down and see him take out and look at and make an incomplete or partial list of all the papers in that trunk, and he said as his reason that he did not want to have any question arise about what was in it. He wanted to be able to say what was in it, and did not know. Mr. Potter, Mr. Hart, Mr. Hyde, Mr. Beal, and myself all went down, getting in the inner room—the directors' room behind the regular bank room. The door was shut, the trunk was placed upon the table, produced by Mr. Beal, opened by Mr. Hyde, and all the papers in there were taken out. I forget who made the memorandum. I think Mr. Potter did, as Mr. Hyde read off to him the various kinds of things that there were. For instance, he would produce a bundle of checks. He would say "Asa P. Potter's checks;" letters, "Asa P. Potter's letters," "a ledger," or whatever else there was there. They were produced and described in that way, not examined carefully. There were certain envelopes of papers. They were not opened.

The CHAIRMAN. Did Mr. Hyde make a memorandum of those bundles?

Mr. HUTCHINS. I think Mr. Potter made the memorandum.

The CHAIRMAN. Who took them out?

Mr. HUTCHINS. Mr. Hyde.

The CHAIRMAN. And Mr. Potter made the memorandum?

Mr. HUTCHINS. Yes, sir.

The CHAIRMAN. What were you and Mr. Beal doing?

Mr. HUTCHINS. We were seeing that none of them disappeared.

The CHAIRMAN. You were looking on?

Mr. HUTCHINS. Yes, sir.

The CHAIRMAN. Did either of you make a list?

Mr. HUTCHINS. No, sir.

The CHAIRMAN. It was rather a singular mutual schedule of a box?

Mr. HUTCHINS. We were not there for that purpose. We were merely there as watchdogs.

The CHAIRMAN. And you let them schedule?

Mr. HUTCHINS. Yes, sir. Of course I heard directions by Mr. Hyde as to the schedule. He would give them to Mr. Potter, and Mr. Potter would put them down.

The CHAIRMAN. The whole contents of the box were put down in that way?

Mr. HUTCHINS. Yes, sir; as far as I know.

The CHAIRMAN. In the hearing in the circuit court about that trunk you were asked to testify as to the contents of the box, and your testimony was excluded, was it not?

Mr. HUTCHINS. Yes, sir.

The CHAIRMAN. You may state, if you please, all you remember about the contents of that box.

Mr. HUTCHINS. I want to do my whole duty. Do you think I ought to?

The CHAIRMAN. I have no doubt of it, or I should not have asked the question. I think somebody is entitled to that knowledge, and I do not see how this Congressional committee can pursue the inquiry directed by the Senate without obtaining all the knowledge accessible about the contents of this trunk.

Senator CARLISLE. Were there any papers in there that you saw that belonged to the bank?

Mr. HUTCHINS. About such papers as belonged to the bank I should be perfectly willing to state everything I know, and of course, so far as I am concerned, I will give you everything that I know, anyway.

Senator DIXON. Were there any papers in there that belonged to the bank?

Mr. HUTCHINS. There were papers which, as counsel for Mr. Beal, I should advise him to hold, but nothing of any consequence to the committee. There were also papers that I do not know whether they are there or not, but I think they are there, that I should advise him to hold.

The CHAIRMAN. Mr. Hutchins, the committee have no hesitancy in asking you to state all you remember about the contents of that box.

Mr. HUTCHINS. Have you any objection to the committee doing this? I understand your proceedings here will be printed. I am perfectly willing to tell the committee what is in that black trunk, but I do want to preserve Mr. Potter's rights, if he has any, and what I should object to is not telling you, but to having it printed and made public.

The CHAIRMAN. On that point, the receiver is practically an officer of the United States Government in charge of this bank?

Mr. HUTCHINS. Yes, sir.

The CHAIRMAN. And you are his counsel?

Mr. HUTCHINS. Yes, sir.

The CHAIRMAN. You are not counsel for Mr. Potter or anyone else?

Mr. HUTCHINS. No, sir.

The CHAIRMAN. And you have no greater interest in having no injustice done Mr. Potter than this committee.

Mr. HUTCHINS. No, sir.

The CHAIRMAN. If you were Mr. Potter's counsel, we would not think of asking you this question. But you are the counsel of the receiver.

Mr. HUTCHINS. I should suppose it was my duty to testify. My own idea was in the hearing before Judge Aldrich that the question was a proper one, and that I ought to have been allowed to answer it. But the judge took a different view of it, and seemed to think that Mr. Potter was entitled to privacy in regard to the contents of the trunk.

The CHAIRMAN. As I understand, the judge prevented you from testifying on the ground that he expected to make an order for the opening of the box, which would protect all of Mr. Potter's rights, if he had any, and therefore he did not care to exhibit beforehand what was in the box. We have no way of ascertaining what is in that box as it now stands except by asking witnesses who have seen it. So far as Mr. Potter is concerned, we are under as much obligation to do him no injustice as you are.

Mr. HUTCHINS. Would you have any objection to confining to the members of the committee the information I will give you?

The CHAIRMAN. This session is a private one. Everybody now here has been instructed to maintain secrecy.

Senator CARLISLE. The court can make an order for the examination of the box which would preserve its secrets, except so far as—

Mr. HUTCHINS. That is impossible. I have here an agreement with Mr. Hyde, made in the presence of Mr. Potter orally, and confirmed in writing, that Mr. Beal and myself shall have the fullest and freest access to that trunk and its contents at any and all reasonable times.

The CHAIRMAN. With whom is that agreement?

Mr. HUTCHINS. That agreement is made with Mr. Henry D. Hyde, in the presence and with the approval of Mr. Potter, and I shall look to it that that agreement is lived up to.

Senator CARLISLE. I see that places Mr. Hutchins in rather a peculiar and delicate position.

The CHAIRMAN. What limit is there to the power of this committee except its own judgment as to what should be done?

Mr. HUTCHINS. In the first place let me go back and tell you what the relations are between Mr. Beal and Mr. Potter. Mr. Beal has availed himself in the settlement of this bank very fully of the assistance of Mr. Potter. He has asked his advice with regard to a great many matters, and he has endeavored to have the benefit of it, and he has endeavored also to establish such relations with Mr. Potter that Mr. Potter can go to him and talk about these matters, feeling that so far as he is engaged in winding up the affairs of that bank he may use them, but that he will not use them unnecessarily against him in any criminal matters pending.

The CHAIRMAN. Do you tell this committee that Mr. Beal and yourself have entered into an agreement with Mr. Potter that, in consideration of having access to that box—

Mr. HUTCHINS, Oh, no.

The CHAIRMAN. Wait a minute—for the purpose of winding up the affairs of the bank, the contents of that box shall not be used in criminal proceedings against Mr. Potter?

Mr. HUTCHINS. You misunderstand me.

The CHAIRMAN. What is the precise understanding you say you and Mr. Beal have entered into with Mr. Potter?

Mr. HUTCHINS. I will show you (handing paper to chairman). Mr. Chairman, I do not wish to remain under the imputation of your last question any longer.

The CHAIRMAN. You will please answer that as you see fit.

Mr. HUTCHINS. I have this letter here, signed by Henry D. Hyde, Thomas N. Hart, and Asa P. Potter:

We hereby agree that if you will become a party to the assignment of Asa P. Potter for the benefit of his creditors, that you and your successors, as receiver, may have as full access to and right to examine the books, business papers, memorandum, and documents of Asa P. Potter as if you were one of his assignees.

The assignment carries books, papers, and everything that is in that black trunk, or is claimed to be in there. I had an oral arrangement with Mr. Hyde. This is in writing. I have another arrangement with Mr. Hyde. When he came to take the black trunk I told him he could not have it. He wanted to put it where Mr. Beal could not respond to a subpoena, and I told him he could not do that. He said he would put it in a safe-deposit box, where it would be necessary to have two keys to get it, one to be kept by Mr. Beal and the other by Mr. Hyde. I told him he could not have that privilege, because then we could not respond to a subpoena. He then asked to be notified if there was any

attempt to subpoena the black trunk before the grand jury. I told him I would give him a chance to get his legal rights if he had any.

An attempt was made by Mr. Allen to get at the black trunk, and I told him I would notify Mr. Hyde. In the litigation concerning the black trunk Mr. Beal took no part, for the reason that Mr. Hyde and Mr. Potter both stated that they were willing that Mr. Beal and his counsel should know thoroughly and fully all the documents that were therein.

The CHAIRMAN. Does that appear in the record?

Mr. HUTCHINS. No, sir; that agreement was made orally. Then Judge Aldrich made an order that Judge Lowell should open the trunk, take out the documents, and distribute them among the people who were apparently entitled to them. I thereupon thought it was necessary to reduce that agreement to writing, although I had confidence in Mr. Hyde with regard to an agreement made orally with him. I obtained from him this, of which I sent a copy to Judge Lowell, not knowing whether the order would be carried into effect or not.

OFFICE OF HENRY D. HYDE,
Boston, February 26, 1892.

EDWARD W. HUTCHINS, Esq.:

DEAR SIR: I understand that we have agreed that any papers coming either to us or Mr. Beal shall be inspected by both of us at or before delivery to either of us by Judge Lowell.

Yours,

HENRY D. HYDE.

I notified Judge Lowell by letter, so that if he went to work upon the black trunk he would not deliver the papers until he showed them to us. I therefore thought Mr. Beal was entirely protected with regard to the contents of the black trunk.

The CHAIRMAN. Have you stated that there were any papers in the trunk belonging to the bank, in your judgment, when this schedule was made?

Mr. HUTCHINS. Senator Dixon asked me that question, and I should say in answer to it that there was one envelope of papers which I should claim that Mr. Beal was entitled to the possession of. I think there is another parcel of papers, but I am not sure. I am not willing to testify that that parcel of papers is in the black trunk, because I do not remember. It is a parcel of papers that has become important since my examination of the black trunk, and concerns the Evans settlement, and I do not know whether it is in there or not. I suppose it is.

The CHAIRMAN. What makes you think it is?

Mr. HUTCHINS. Because any set of books kept by Mr. Potter, or any box of his private papers, would necessarily have contained a reference to his transactions with Evans & Co., and more or less information about it, and the papers that I refer to are the account with Evans & Co.

The CHAIRMAN. That might be valuable evidence in the Evans settlement without being the property of the bank. That might be so?

Mr. HUTCHINS. I take a little different view of the Evans matter, possibly, from what you take. It seems to me that if there were a partnership or a transaction between Evans & Co. and Mr. Asa P. Potter, who was president of the Maverick Bank, and Mr. Potter, as president, obtained from the bank the money necessary to furnish the capital to that joint account or partnership, that the bank necessarily, from the breach of trust involved in getting them in such a mess as that, would have a claim upon the property.

The CHAIRMAN. You think the bank would have a property right in the papers?

Mr. HUTCHINS. I should say so. It may be the bank would not.

The CHAIRMAN. Without going into the nicety, because we will ask about the Evans settlement shortly, speak of the other package of papers which you think belongs to the bank. What were they?

Mr. HUTCHINS. There is a loan called "W. A. Haskell loan." You will find it mentioned in the list. It is \$24,000. It represents, as I understand, a joint account transaction of Potter with a gentleman by the name of Haskell, a friend of mine, who was a client of ours, who is now dead. The note was the note of Mr. Haskell, guaranteed by Mr. Potter. There were as collateral for it a few securities only, perhaps two or three or four thousand dollars. The amount of the note, as I remember it, was about \$27,000. It leaves an unpaid indebtedness of about \$24,000. I saw an envelope in that trunk marked "W. A. Haskell," and some indication, also, upon the envelope that it contained an account of the collateral for that loan. My idea was that the bank had been used to furnish the money for Mr. Haskell and Mr. Potter's joint venture in whatever securities they were speculating, and that the account of that transaction was there. The bank made a claim upon Mr. Haskell's estate for the entire note.

The CHAIRMAN. It is now unpaid?

Mr. HUTCHINS. It is now unpaid. Mr. Morey, the administrator, disputes by advice of his counsel the payment of it. We did not represent Mr. Beal or Mr. Morey in that transaction. We could not be upon both sides of the fence. He will pay one-half, but claims as to the other half the bank must resort to Mr. Potter.

The CHAIRMAN. Have you or not the impression that to that package the bank has a right.

Mr. HUTCHINS. I have an impression. I would want to see the inside of the envelope.

Senator CARLISLE. Do you think it contains the collateral?

Mr. HUTCHINS. No, sir; probably a list of the collateral.

The CHAIRMAN. Beyond that package and the package relating to the Evans settlement, do you recall any other packages which it is your judgment, as counsel, the receiver has a right to?

Mr. HUTCHINS. To go into a very nice question of law, paid checks are the receipt of a bank, the vouchers of a bank, for payments made by it upon the order of its depositors. I should say that the title to paid checks was in the bank.

The CHAIRMAN. After they are delivered to the drawer?

Mr. HUTCHINS. Whether that is waived by delivering them back at the end of the month is another question.

The CHAIRMAN. Have you any reason to suppose that there are any checks there which have not been delivered in regular course by the bank to Mr. Potter.

Mr. HUTCHINS. I do not know. There are paid checks there.

The CHAIRMAN. Drawn by Mr. Potter upon the bank?

Mr. HUTCHINS. Yes, sir.

The CHAIRMAN. Many of them?

Mr. HUTCHINS. One or two files of them.

The CHAIRMAN. Have you any question in your mind, as a lawyer, as to whether checks drawn upon a bank, paid by the bank and delivered with the bank book, or on settlement to the drawer are the bank's property or his?

Mr. HUTCHINS. I did have that question in my mind when I spoke.

The CHAIRMAN. How could they belong to the bank after it had freely delivered them to the drawer?

Mr. HUTCHINS. The free delivery of them to the drawer may be merely for purposes of verification; that is, it might be so considered by the court.

The CHAIRMAN. As a matter of fact, no checks ever drawn and paid and delivered to the drawer go back to the bank?

Mr. HUTCHINS. No, sir; they never do. I should not have spoken of that except for the fact that you asked me if there were any papers there that might belong to the bank.

The CHAIRMAN. State any other packages that you think, as receiver's counsel, belong to the bank, to which the receiver may have a right.

Mr. HUTCHINS. I can not think of any other papers that I should say belonged to the bank; but, of course, you do not understand me, Mr. Chairman, as saying that I am willing to admit that all the other papers belong to Mr. Potter. I have never made such an examination of the papers as to satisfy me of that.

Senator CARLISLE. Without going into the particulars as to the contents of the papers which you say you are not prepared to claim for the bank, will you state generally what the character of those papers is—the papers which we assume now belong to Mr. Potter?

The CHAIRMAN. He does not say that he admits they belong to Mr. Potter. He is not now prepared to claim them as the bank's.

Senator CARLISLE. There may be other papers there which you have not specified which you may afterwards think belong to the bank.

Mr. HUTCHINS. Yes, sir.

Senator CARLISLE. State in a general way what the general character of those papers is.

Mr. HUTCHINS. It is impossible to give a description of the papers without giving a more or less rough description of their contents.

The CHAIRMAN. Describe the remaining contents of that trunk as you saw them while Mr. Potter and Mr. Hyde were making a schedule of them.

Mr. HUTCHINS. There were one or more ledgers of which I saw sufficient to know that they were Mr. Potter's ledgers; there were one or more journals which were Mr. Potter's; one or more cash books—how many of each I do not remember, but not more than one or two; there were several bank pass books; there were several files of paid checks; there was a file or files of letters.

The CHAIRMAN. Letters received?

Mr. HUTCHINS. Letters received.

Senator DIXON. Received by Mr. Potter?

Mr. HUTCHINS. I do not know by whom they were received—apparently by Mr. Potter. There were a number of envelopes or files of papers of various sizes put into the trunk loosely and constituting the greater parts of its contents, with memoranda upon the outside of each indicating its general character. There was also a box or receptacle of some kind containing a small amount of change—small change—I should say somewhere from a dozen to twenty dollars, but I did not count it. There may have been a savings-bank book or two, but I think those had all been taken out and delivered upon the receipt of the person who was entitled to them.

The CHAIRMAN. Prior to this time?

Mr. HUTCHINS. Prior to this time.

The CHAIRMAN. What do you mean by pass books?

Mr. HUTCHINS. I mean the book kept by the depositor and delivered to the bank when he makes a deposit.

The CHAIRMAN. The ordinary depositor's book?

Mr. HUTCHINS. The ordinary depositor's bank-book.

The CHAIRMAN. How many of those were there?

Mr. HUTCHINS. I would say I do not remember; there may have been three or four.

The CHAIRMAN. You have now stated substantially—

Mr. HUTCHINS. I think, Mr. Chairman, that I examined each one of the books so far as to find out what it covered—that is, I knew there were there the books of Mr. Potter at the time of the failure of the bank and for a certain number of months or weeks prior to that; they were current books.

The CHAIRMAN. The current books were there?

Mr. HUTCHINS. Yes, sir.

The CHAIRMAN. State whether at this time, when Mr. Potter and Mr. Hyde were making a list of the contents of the box and you were making this examination to see that none of the papers were taken away, you were endeavoring to take note as to whether there were papers or documents that were of importance to the receiver in closing the affairs of the bank?

Mr. HUTCHINS. No, sir; I was not. I was not endeavoring, in being there, to ascertain anything in regard to—

The CHAIRMAN. You were not endeavoring to discriminate, in this inspection for your own purpose as counsel to Mr. Beal and Mr. Beal's purpose as receiver, as to whether or not the receiver was entitled to the contents of any portion of them or whether Mr. Potter was?

Mr. HUTCHINS. No, sir.

The CHAIRMAN. Was this after it had become evident that there would be controversy about the custody of and right to open the trunk?

Mr. HUTCHINS. I should say not; it was before that time.

The CHAIRMAN. Therefore, no controversy having actually arisen, you were not taking notice of the contents of the box for any purpose except what you have stated?

Mr. HUTCHINS. No, sir. I should have asked before that, and should have insisted, that if I wanted to look at the contents of that trunk I should have the right. When I say "I," I mean Mr. Beal.

The CHAIRMAN. We understand that.

Mr. HUTCHINS. I should have insisted upon that right. I should have broken open the trunk to see.

The CHAIRMAN. So that the object of yourself and the receiver in allowing this was to enable Hyde and Potter to know exactly what there was there?

Mr. HUTCHINS. Yes, sir.

The CHAIRMAN. And that object being accomplished, everything was put back again and remained in the trunk, so far as you know, until it was given to Mr. Stetson?

Mr. HUTCHINS. Yes, sir; until the trunk was delivered to Mr. Stetson.

The CHAIRMAN. Until you and Mr. Beal, each holding one end of the trunk, delivered it to Mr. Stetson under order of the court?

Mr. HUTCHINS. Yes, sir.

Senator CARLISLE. That was the second time you opened the trunk?

Mr. HUTCHINS. There were two or three times when we got out papers. This examination was perhaps the third or fourth time we had been at the trunk, and the last time, which the chairman has spoken about now, is when we went over to get the trunk and delivered it to the messenger of the court.

Senator CARLISLE. You have stated all you know about the black trunk?

Mr. HUTCHINS. I think I have said everything I know about it. If I think of anything else I will call your attention to it.

The CHAIRMAN. Mr. Hutchins, Mr. Ewer has handed the committee memoranda about the settlement of Evans & Co., of which I show you a copy, except that where the stars are is omitted the long schedule of collaterals.

Mr. HUTCHINS. I see.

The CHAIRMAN. Will you be kind enough to read that? (Handing witness paper.) (A pause.) Have you examined the paper?

Mr. HUTCHINS. Yes, sir.

The CHAIRMAN. There is upon the records of this committee, pages 105, 106, and 107, your letter to the Solicitor of the Treasury concerning that settlement, upon which Solicitor Hepburn—both letters being under date March 5, 1892—advised proceedings to cancel the settlement, which you will please look at.

Mr. HUTCHINS. Yes, sir.

The CHAIRMAN. Are the statements in your letter of that date correct? You have no reason to modify them?

Mr. HUTCHINS. This letter was written in Washington, entirely from memory, sitting at the table in the Comptroller's office, and of course there may be slips.

The CHAIRMAN. You will please examine the letter at leisure, and if you wish to modify any of the statements call it to the attention of the committee.

Mr. HUTCHINS. Yes, sir; I will.

The CHAIRMAN. Is the statement which Mr. Ewer has furnished so far as amounts and figures are concerned substantially correct, as you understand it?

Mr. HUTCHINS. Yes, sir; substantially so. There may be some inaccuracies.

The CHAIRMAN. You will see it purports to come from the books?

Mr. HUTCHINS. Yes, sir.

The CHAIRMAN. You have no reason to doubt that it is a correct statement?

Mr. HUTCHINS. No, sir.

The CHAIRMAN. By that settlement which the bank made through Mr. Potter with Irving A. Evans & Co., the bank surrendered all claim upon the individuals named in the list: "Irving A. Evans & Co., J. H. Day, Scott F. Bickford, C. Henry Knapp, E. W. L. Nichols, E. G. Frost, C. V. Goldthwait, W. S. Bliss, C. J. Colan, A. B. Toby, C. G. Lenfest," being notes amounting to \$484,266.32, did it not?

Mr. HUTCHINS. I understood so.

The CHAIRMAN. These being credits of the bank prior to that settlement, they were all surrendered to these individuals?

Mr. HUTCHINS. Yes, sir; I so understood it.

The CHAIRMAN. As you understood it. Now, then, there remained the collaterals which appear in the record on page 95, as security for the Joseph Warren note, October 21, 1892, \$402,236.52—

Mr. HUTCHINS. Yes, sir; and also sundry others.

The CHAIRMAN. Yes; which were all disposed of by that settlement?

Mr. HUTCHINS. I beg pardon. They were put to other accounts.

The CHAIRMAN. That appears in Mr. Ewer's statement?

Mr. HUTCHINS. Yes, sir.

The CHAIRMAN. State whether, after this settlement was made, and these releases of these individuals and the making of the Joseph Warren note, the Maverick Bank had anything it did not have before.

Mr. HUTCHINS. No, sir. I understood it took the collateral which it had for the Irving A. Evans debt and accepted that collateral in full discharge of the liability on the Irving A. Evans notes and overdraft, constituting the debt of the firm.

The CHAIRMAN. Then the settlement was entirely onesided?

Mr. HUTCHINS. Yes, sir.

The CHAIRMAN. A surrender by the bank and the receiving of nothing which it did not have before?

Mr. HUTCHINS. That is it exactly.

The CHAIRMAN. Is there any doubt about that?

Mr. HUTCHINS. No, sir.

The CHAIRMAN. Have you discovered anything at all that the bank got that it did not have before?

Mr. HUTCHINS. No, sir. That is one of the important elements of the case.

The CHAIRMAN. I wish to bring that out distinctly. Will you be kind enough to state here what was the consideration on the part of that settlement moving to the bank or to Mr. Potter, if you have discovered it?

Mr. HUTCHINS. I smile because I do not know exactly how to answer the question.

The CHAIRMAN. You have already indicated it in your letter to the Solicitor of the Treasury.

Mr. HUTCHINS. I have.

The CHAIRMAN. Will you not state that as of your own knowledge or belief?

Mr. HUTCHINS. It would put it a little hard to call it my own knowledge. I will state that finding no consideration apparent upon the surface of the transaction, and having called it to Mr. Potter's attention and he having denied that there was any consideration, Mr. Beal, Mr. Wheeler, my partner, myself, and sundry clerks attempted to find one. Mr. Potter stated to me that he was not indebted in any way to the firm of Irving A. Evans & Co.; that no discharge of any debt due from him was made at that time, and that we proceeded to investigate.

The CHAIRMAN. What, if any, consideration did he aver to you existed for the settlement and the release of these credits of the bank?

Mr. HUTCHINS. None.

The CHAIRMAN. Did he not pretend there was any consideration?

Mr. HUTCHINS. He did not pretend there was any. Oh, consideration in a general sense. He said, of course, that it would not do for the bank to be known as a large creditor of Evans & Co., and that he expected by this settlement, as I remember it, to hush the matter up or keep the matter quiet. That is a motive rather than a consideration.

The CHAIRMAN. The motive in releasing the firm was secrecy; to prevent trouble?

Mr. HUTCHINS. Yes, sir.

The CHAIRMAN. The settlement having been openly all on one side, did he pretend that the bank derived any benefit from it?

Mr. HUTCHINS. No, sir.

The CHAIRMAN. And he denied that he derived any benefit from it?

Mr. HUTCHINS. He denied that he derived any benefit from it.

The CHAIRMAN. Now then what have you discovered?

Mr. HUTCHINS. The letter states as accurately as I can put it what we discovered.

The CHAIRMAN. From the testimony of Mr. Wilmot B. Evans before the grand jury?

Mr. HUTCHINS. I beg pardon. The critical evidence is, I think, the checks.

The CHAIRMAN. Page what?

Mr. HUTCHINS. Page 106. There was, you remember, Mr. Potter's statement to me that he was not indebted to the firm. Proving that statement false was in effect proving our case, as we stood there trying to make up our own minds as to whether there was a case or not. This we found from the books and papers:

On the books of Evans & Co. there was some time ago a joint account, "Evans & Potter," which was closed up in 1882, '3, or '4.

The CHAIRMAN. I will ask you right here, did the Evans & Potter account, as you understand it, show profits prior to 1884?

Mr. HUTCHINS. I think that account was closed, and I think it did show profits; and this is a matter of memory, over a space of weeks and months; I think those profits were divided between Evans and Potter.

The CHAIRMAN. Go on about 1884.

Mr. HUTCHINS. (Reading.)

In 1884 there was opened an account, "I. A. Evans, special," which for a few years showed large profits, which were regularly divided (as appears by the account) between I. A. Evans and Mr. Potter, amounting to some \$200,000. This account ceased to be active in 1886 or 1888, and then showed a loss of about \$27,000, which was carried along until the date of the failure of the firm.

When the account of I. A. Evans, special, ceased to be active, or about that time, another account was opened on the books under name "I. A. Evans, special No. 2." This account continued in active business until the bank failed, and at that time showed loss of from \$300,000 to \$500,000, owing largely to short sales of stocks in the summer of 1891.

According to the statement of the surviving partners of Evans & Co. (who profess ignorance as to who were the persons interested in the account, but who say that they think it was Evans & Potter) the account always showed a loss, except in the summer of 1888, when, under date of August 1st, there was an apparent division of profits. The entry is as follows: (Aug. 1, '88) "ck. 5,000," "I. A. Evans, 5,000."

The personal account of I. A. Evans was this date on the books of the firm credited with \$5,000, and on this date the firm drew a check for 5,000 to the order of I. A. Evans, which was by him endorsed in blank. This check was deposited by Mr. Potter in his account in the Maverick Bank and he received credit for it in account.

During the summer and autumn of 1891, when the account "special No. 2" showed large losses, and when the account of Evans & Co. at the Maverick Bank, where they were depositors, showed large drafts, Mr. Potter certified himself personally the checks of Evans & Co., and the cashier and other officers did the same by the orders of Mr. Potter, and the checks thus certified were used by Evans & Co. in the purchase of bonds and stocks, and the exact amount of the checks so certified on their respective dates appear in the account "I. A. Evans, special No. 2." There is also charged in said account, under date of July 1, 1890, an item of \$2,000 interest paid to the Maverick Nat. Bank. I am by this evidence forced to the conclusion that Mr. Potter was jointly interested with I. A. Evans & Co. in the account of I. A. Evans, special No. 2, and carried his half, or perhaps more, of the losses in speculation shown by the accounts by allowing Evans & Co. to borrow large amounts of the Maverick Bank and to overdraw this account.

The CHAIRMAN. You need not read any more. I only wanted you to verify here that you obtained proof that the profits of prior transactions had been, in fact, divided between Evans and Potter.

Mr. HUTCHINS. When that account showed a profit it was divided by Evans and Potter.

The CHAIRMAN. Subsequently, when account special No. 2 was running, you found these large loans to Evans & Co. in the Maverick Bank?

Mr. HUTCHINS. Yes, sir.

The CHAIRMAN. And you found certified checks?

Mr. HUTCHINS. Yes, sir.

The CHAIRMAN. And all as recited here, and from that and Mr. Wilmot E. Evans's testimony before the grand jury, which you recite in the letter, you and Mr. Beal reached the conclusion that at the time of the settlement in October, 1891, Potter was in fact indebted to Evans & Co. for half of the amount charged in the account special No. 2.

Mr. HUTCHINS. That is it exactly.

The CHAIRMAN. Had you any doubt about it?

Mr. HUTCHINS. No, sir.

The CHAIRMAN. Have you any doubt about it now?

Mr. HUTCHINS. No, sir.

The CHAIRMAN. And had no doubt that it was the refraining of Evans & Co. from pressing that claim that led to this settlement which Mr. Potter made in behalf of the bank?

Mr. HUTCHINS. That is my opinion at the present time, but it is largely based upon Mr. Potter's coming to me and saying, "I was not indebted to Irving A. Evans & Co. I was not interested in their business, and therefore did not obtain any advantage." If he had said to me that in "August, 1888, I was interested, but between 1888 and 1891 I ceased to have any interest and made a settlement with Mr. Evans," then this evidence would have amounted to nothing.

Senator CARLISLE. Just there. Did the firm of Irving A. Evans & Co. make any entries upon their books to balance that account special No. 2?

Mr. HUTCHINS. It shows a large loss.

Senator CARLISLE. It still stands there, showing a great loss?

Mr. HUTCHINS. Yes, sir.

The CHAIRMAN. During the spring of 1891 there was enormous borrowing by Irving A. Evans & Co. from the bank?

Mr. HUTCHINS. Yes, sir.

The CHAIRMAN. As appears in the record. Can you discover any other reason why the Maverick Bank allowed this large absorption of its funds by Irving A. Evans & Co. and this settlement which Mr. Potter made, except as a supposed joint partnership on his part with Mr. Evans?

Mr. HUTCHINS. No, sir. It would have been folly in the management of his bank, it seems to me.

The CHAIRMAN. Is there any other reasonable direction in which to explore for the motive for that settlement?

Mr. HUTCHINS. I can not see any.

The CHAIRMAN. What have you done?

Mr. HUTCHINS. We have filed a bill in the United States court in accordance with the advice of the Solicitor of the Treasury. Evans & Co. had before that made an assignment for the benefit of their creditors, and our bill was brought to be admitted as parties and to set aside the settlement between Evans & Co. and the Maverick Bank on the ground that it was made with fraud by the president. I do not know that you gentlemen understand the laws of this Commonwealth, the peculiar statute laws. Such an assignment is liable to be upset by proceedings in insolvency. Insolvency is a sort of bankruptcy we have here, and it supersedes the assignment, and the assignees are bound to turn over to the assignees in insolvency all the assets which they hold under their common-law assignment. Evans & Co. went into insolvency.

Senator CARLISLE. Is the assignor allowed to make preferences?

Mr. HUTCHINS. No, sir. Otherwise the assignment is void. In the first place, we are bound to sell our collateral, for our position is that we are a creditor with security. That is the original position before the settlement was made, so that we asked to be admitted as a creditor, and of course we have got to sell that security and have it credited, and be admitted as creditors for the balance. We have taken proceedings in Cambridge to have that done.

The CHAIRMAN. What is the condition of the Evans estate now?

Mr. HUTCHINS. I do not know, and I do not think that anyone knows exactly. There is a rumor, as I understand, that they have a large amount of property—you mean the firm?

The CHAIRMAN. Yes.

Mr. HUTCHINS. There was also Irving A. Evans. He is dead, and there is an administrator, and there is another Evans estate.

The CHAIRMAN. Whatever claims the United States holds or may hold upon the cancellation of this settlement have been preserved by you, have they not?

Mr. HUTCHINS. Yes, sir.

The CHAIRMAN. Have you any claims against those individuals other than Irving A. Evans & Co.?

Mr. HUTCHINS. No, sir. I understand they are men of straw.

The CHAIRMAN. They are not men of responsibility?

Mr. HUTCHINS. I do not think they are. I do not think there is any value in those names.

The CHAIRMAN. Not in any of them?

Mr. HUTCHINS. No, sir; I do not think they are worth pursuing.

The CHAIRMAN. It seems upon some of them the receiver has never even called to pay. That is because of their known inability to pay?

Mr. HUTCHINS. Mr. Beal and myself—

The CHAIRMAN. They are not insolvent?

Mr. HUTCHINS. No, sir. They are unable to respond to their obligations. Mr. Beal and I both, I think, have investigated these men.

The CHAIRMAN. You have investigated all of these cases, and any omission to call upon the maker of a note is due to the fact that you discovered—

Mr. HUTCHINS. That it was not worth while.

The CHAIRMAN. That it was a vain thing to do. Will you be kind enough to furnish to the committee any memoranda in the possession of the receiver or in your own possession showing the terms of the Irving A. Evans settlement?

Mr. HUTCHINS. Certainly.

The CHAIRMAN. Any original paper?

Mr. HUTCHINS. Yes, sir.

Mr. Hutchins subsequently furnished the following paper:

This agreement witnesseth: That whereas the firm of Irving A. Evans and Company, the estate of Irving A. Evans, and William S. Bliss and Anstin B. Tobey, the surviving partners of said firm, are indebted to the Maverick National Bank, of Boston, upon certain promissory notes, checks, drafts, overdrafts, and other obligations, and are or may be made liable as indorsers or guarantors upon paper held by it, for which indebtedness, obligations, and liability said bank holds as collateral security certain stocks, bonds, notes, and securities, a list of which is hereto annexed:

Now, therefore, in consideration that said firm and the partners therein hereby release to said bank all their right, title, and interest in or to said stocks, bonds, notes, and securities, said bank delivers to said firm of Evans & Company all notes and obligations which it holds against said firm, or either of the individuals composing it, or the estate of Irving A. Evans, the deceased partner therein, and releases and discharges said firm and the individuals composing it, and the estate of

said Irving A. Evans, from all debts, demands, and obligations which said firm or said partners or estate are or may be under to it, whether absolute or contingent; and agrees to indemnify said firm and said partners and estate, each of them, against any obligation which it, or either of them, or said estate, is or may be under as indorser or guarantor of negotiable paper now or heretofore held by it.

In witness whereof said bank has set its name and seal, and said Irving A. Evans & Company, and said William S. Bliss and Austin B. Tobey, the partners composing said firm, have signed their names to this and one other instrument of like tenor and effect this twenty-first day of October, A. D. 1891.

(Signed)

MAVERICK NAT'L BANK,
By ASA P. POTTER, *Pres.*
IRVING A. EVANS & Co.
WILLIAM S. BLISS.
AUSTIN B. TOBEY.

United States Book Company's 5 per cent bonds, mentioned in this schedule, are to be surrendered to Irving A. Evans & Co. at any time within four months, upon the payment of the amount at which the persons depositing them with said firm may have the right to call for them if so called for.

MAVERICK NATIONAL BANK,
By ASA P. POTTER, *Pres.*

Date of agreement, October 21, 1891.

The CHAIRMAN. Have you any reason to suppose that Mr. Potter made the settlement by reason of any threat made by anyone in connection with the supposed liability of his for one-half of the I. A. Evans special No. 2 account?

Mr. HUTCHINS. No; I have no reason to suppose that any such threat was made, but of course he must have known his liability and been influenced by his liability to make the settlement. I never heard of a threat.

The CHAIRMAN. Will you state how this transaction appears upon the books of the bank and what authority from the directors was given?

Mr. HUTCHINS. A vote was passed, a copy of which I have seen; I do not remember the exact wording of it. Whether that copy is spread out at length on the records of the bank I do not know.

Senator CARLISLE. You mean a vote was passed approving this settlement?

Mr. HUTCHINS. Authorizing the president to settle that liability at his own discretion.

The CHAIRMAN. It was a prior authority and of a full and general character?

Mr. HUTCHINS. Yes, sir.

The CHAIRMAN. Without stating particulars?

Mr. HUTCHINS. Yes, sir.

The CHAIRMAN. Were the details of it put upon the records, except as Mr. Ewer exhibits them?

Mr. HUTCHINS. No, sir; except upon the books of account of the bank.

The CHAIRMAN. It was agreed upon and then accomplished as stated?

Mr. HUTCHINS. Yes, sir.

The CHAIRMAN. Have you taken any part in the criminal proceedings against any of these parties?

Mr. HUTCHINS. No, sir; neither Mr. Beal nor myself have.

The CHAIRMAN. You are not associate counsel and do not feel in any way responsible for the criminal proceedings?

Mr. HUTCHINS. Not at all.

The CHAIRMAN. You have both furnished to the district attorney any information he has wanted?

Mr. HUTCHINS. Yes, sir; and I would say that the district attor.

ney has furnished us with considerable in regard to this Irving A. Evans settlement.

The CHAIRMAN. You do not consider yourself or the receiver in charge of the criminal proceedings?

Mr. HUTCHINS. No, sir.

The CHAIRMAN. And your only duty is to realize as much as you can from the assets of the bank?

Mr. HUTCHINS. Yes, sir.

Senator CARLISLE. What has it paid so far?

Mr. HUTCHINS. Eighty cents on the dollar.

Senator CARLISLE. What is your judgment as to what it will pay?

Mr. HUTCHINS. Possibly, with good success and with the addition of \$150,000 or thereabouts realized from the assessment, 90 cents.

Senator CARLISLE. Does that include anything which you expect to get from the Irving A. Evans estate?

Mr. HUTCHINS. Yes, sir; I should say so.

Senator CARLISLE. All assets from everything you think you have any prospect of getting?

Mr. HUTCHINS. Yes, sir; I should say 90 cents.

Mr. BEAL. Somewhere from 87 to 90 cents.

The CHAIRMAN. The losses will be about 10 per cent of the proven debts?

Mr. HUTCHINS. A little more than that.

The CHAIRMAN. I mean 10 per cent of the proven debt—\$400,000 capital, \$800,000 surplus, and a quarter of a million or so of surplus profits will be about the losses?

Mr. HUTCHINS. Yes, sir.

Senator CARLISLE. So that the general creditors and depositors will lose about 10 per cent, excluding interest?

Mr. HUTCHINS. Yes, sir.

Senator CARLISLE. And the original stockholders, who are solvent, will lose double the amount of the stock they have?

Mr. HUTCHINS. Yes, sir.

The CHAIRMAN. In addition to what I have already stated there will be \$150,000 more lost by the stockholders?

Mr. HUTCHINS. Yes, sir. The reason why only \$150,000 is realized from the stockholders is that Mr. Potter and Mr. French were very large stockholders, and they are insolvent.

Senator CARLISLE. The paper which I hold in my hand you have referred to, but it has not gone in evidence, and before it does I suppose there should be some explanation of these interlineations. Here is a note secured by 150 shares of Boston and Maine Railroad stock. Under that there is in figures, in red ink, "23 shares additional, 7-25-91." Then in pencil marks "5%," and then marks to show that they equaled 166. I suppose the 7-25-91 is the date—July 25, 1891?

Mr. HUTCHINS. Yes; 23 is the number of shares of additional collateral put up at that time. What the meaning of the pencil memoranda "5" with a per cent sign and the "166" is I do not know.

Senator CARLISLE. But this explanation you have made in regard to the "23 additional shares" here applies to all the red ink entries throughout the paper?

Mr. HUTCHINS. Yes, sir.

The CHAIRMAN. That paper will be put in the record.

The paper is as follows:

[NOTE.—The words and figures in italics were in red ink in original copy. The figures in brackets [] on the right were in pencil.—PUBLISHER.]

[Original given Mr. H. D. Hyde, Nov. 12, '91.]

BOSTON, May 28, 1891.

In the settlement of the Eastern and Boston and Maine R. R. "joint account" between Chas. A. Sinclair and myself, I hereby assume and agree to pay at maturity the following described loans:

\$50,000. Note payable to Thos. E. Proctor, due Oct. 22, 1891, signed by Chas. A. Sinclair, Jones, Cook & Co., and H. T. Goold, and secured by 300 shares Boston and Maine Railroad.

7-17.

18 shares additional, 7-25-91.

[5½%=166.]

\$25,000. Note payable to Millbury Savings Bank, due Oct. 29, 1891, signed by F. B. Dole, Chas. A. Sinclair, and H. T. Goold, and secured by 150 shares Boston and Maine R. R.

23 shares additional, 7-25-91.

[5%=166.]

\$25,000. Note payable to East Boston Savings Bank, due Oct. 29, 1891, signed by F. B. Dole, Chas. A. Sinclair, H. T. Goold, and T. S. McGowen, and secured by 208 shares Boston and Maine Railroad.

[@120, 5½%.]

\$15,000. Note payable to Warren Five Cent Savings Bank, due Nov. 17, 1891, signed by Jones, Cook & Co., Chas. A. Sinclair, H. T. Goold, and T. S. McGowen, and secured by 90 shares Boston and Maine R. R.

7-8-91.

4 shares additional, 7-25-91.

[5½%=166.]

\$50,000. Note payable to Worcester Mechanics Savings Bank, due Nov. 20, 1891, signed by F. B. Dole, Chas. A. Sinclair, H. T. Goold, and T. S. McGowen, and secured by 316 shares Boston and Maine R. R.

\$2,500 pd 7-10
\$2,500 " 7-25

13 shares additional, 7-25.

[5½%=160.]

\$20,000. Note payable to C. E. Cotting, due Dec. 3, 1891, signed by Chas. A. Sinclair, and secured by 135 shares Boston and Maine R. R.

11 shares additional, 7-25.

[7%=150.]

\$15,000. Note payable to Webster Five Cent Savings Bank, due Dec. 12, 1891, signed by Jones, Cook & Co., Chas. A. Sinclair, H. T. Goold, and T. S. McGowen, and secured by 100 shares Boston and Maine R. R.

4 shares additional, 7-25-91.

[6¼%=150.]

\$25,000. Note payable to People's Savings Bank, Worcester, due Jan. 9, 1892, signed by Jones, Cook & Co., Chas. A. Sinclair, H. T. Goold, and T. S. McGowen, and secured by 164 shares Boston and Maine R. R.

9 shares additional, 7-25.

[6%=150.]

\$40,000. Note payable to Dedham Inst. for Savings, due Jan. 10, 1892, signed by Jones, Cook & Co., Chas. A. Sinclair, H. T. Goold, and T. S. McGowen, and secured by 239 shares Boston and Maine R. R.

38 shares additional, 7-25.

[5¼=170.]

\$10,000. Note payable to Cape Cod Five Cent Savings Bank, due Jan. 19, 1892, signed by Jones, Cook & Co., Chas. A. Sinclair, and secured by 68 shares Boston and Maine R. R.

\$1,000 pd 7-8.

5 shares additional.

[5¼%=150.]

\$25,000. Note payable to East Boston Savings Bank, due Jan. 19, 1892, signed by Jones, Cook & Co., Chas. A. Sinclair, H. T. Goold, and T. S. McGowen, and secured by 152 shares Boston and Maine R. R.

\$2,000 paid 7-27.

[5¼=165.]

In consideration of my assuming these loans it is understood and agreed that as fast as said loans are paid and the notes returned to the said Chas. A. Sinclair, the collateral belongs to me, and that this is a settlement in full of said joint account.

(Signed)

CHAS. A. SINCLAIR.

The CHAIRMAN. You have spoken of there being in this trunk a paper having some reference to the Evans settlement?

Mr. HUTCHINS. Yes, sir.

The CHAIRMAN. Are you able to describe that paper any more distinctly?

Mr. HUTCHINS. It is only this: I should suppose that a man who kept his books and affairs as accurately as Mr. Potter did would have had among his papers some account of what he and Irving A. Evans speculated in, constituting special account No. 2, and that an examination of that paper and a comparison of it with the books of Evans & Co. would show that he was generally interested in that account.

The CHAIRMAN. That is inference. Did you see any paper?

Mr. HUTCHINS. No, sir.

The CHAIRMAN. It is only your supposition?

Mr. HUTCHINS. Yes, sir; it is only my supposition. I think I said I thought there were papers there.

TESTIMONY OF THOMAS P. BEAL—Recalled.

By the CHAIRMAN:

Q. Mr. Beal, can you give any more information about the black trunk than you have just heard furnished the committee by your counsel, Mr. Hutchins?—A. No, sir.

Q. Do you know of any particular packages or documents in that trunk which he has not mentioned which you could describe to the committee?—A. No.

Q. Was there a trunk delivered by you to Mr. Sinclair?—A. No, sir.

Q. Or to Mr. Frank Jones?—A. There was to Mr. Jones.

Q. About what date was that?—A. I should say, sir, it was some time in December. It was after the payment of his indebtedness to the bank.

By Senator CARLISLE:

Q. December, 1891?—A. December, 1891.

By the CHAIRMAN:

Q. Sometime in December, you think?—A. I am not at all positive about it. I think so.

Q. What was the mark on that trunk?—A. I do not know.

Q. Did you see it?—A. I only saw it as he took it out of the room, or as it stood waiting for him to take it.

Q. Was there any mark on it?—A. No, sir; none that I know of.

Q. Any earmarks?—A. None that I know of.

Q. You took the responsibility of delivering it?—A. Yes, sir.

Q. As you took that responsibility, if there had been any mark on it you would have noticed it?—A. Yes, sir.

Q. Were there any tags upon it?—A. I did not see any.

Q. Is it customary for banks to have trunks and boxes of this sort for their customers on deposit without any mark upon them?—A. There is generally a mark upon them.

Q. Who claimed this trunk?—A. Mr. Frank Jones personally.

Q. Have you any memorandum about that trunk or box—a receipt for it?—A. Yes, sir; I think so. I think I have a receipt; it is at the office of my counsel.

Q. It is simply a receipt from Mr. Jones?—A. Yes, sir; stating that it is his personal property.

Q. What evidence did you ask for or receive that it was Mr. Jones's trunk?—A. His statement to me, confirmed by the officers of the bank.

Q. What officers of the bank confirmed it?—A. I think the cashier, Mr. Work, did. I am not sure of that; I think so.

Q. Anyone else?—A. No one that I remember.

Q. Did Mr. Sinclair come with Mr. Jones?—A. I think not.

Q. Was there any statement to you at the time that this box was deposited by Mr. Sinclair?—A. I remember none.

Q. You never heard that Mr. Sinclair claimed the trunk?—A. No,

Mr. Jones signed the statement, saying it was his own personal property.

Q. What I am trying to get at is whether you took Mr. Jones's word for it?—A. Yes, sir.

Q. And relied entirely upon it and Mr. Work's confirmation of it?—A. Yes, sir.

Q. You knew that Jones, Cook & Co. were at that time large debtors of the bank?—A. No, sir; excuse me. Their indebtedness had all been settled.

Q. Before you delivered the trunk?—A. Yes, sir.

Q. Had it all been settled before December; this was November?—A. As I said, I am a little uncertain about the date, December; but the debt of Frank Jones personally and the debt of Jones, Cook & Co. were settled.

Q. You are sure of that?—A. That is my memory.

Q. Is that not a fact which would make an impression on your mind, whether you delivered a trunk to parties whose indebtedness was not paid?—A. Yes, sir.

Q. You had no knowledge of the contents of the trunk?—A. No, sir.

Q. You had no reason to suppose that any of the bank's securities were there?—A. I knew that none of the assets were for which I had become responsible as receiver.

Q. That you had become responsible for?—A. Yes, sir.

Q. Sinclair's indebtedness remained unpaid at that time for some \$200,000, more or less?—A. I do not remember the amount. He was indebted to the bank.

Q. He still owed a large amount?—A. Yes, sir.

Q. The newspapers of the day stated that that trunk had been deposited by Mr. Sinclair, as you understood?—A. Yes, sir; I understand that the newspapers so stated.

Q. You had no reason to suppose that it was not Mr. Frank Jones's property?—A. I had not.

Q. Have you delivered any other trunks or boxes to depositors, customers of the bank, which had no names upon them?—A. There may have been one or two small tin boxes delivered.

Q. Without names upon them?—I do not remember any names upon them.

Q. There were not a great many customers' boxes of that kind in the bank?—A. Not a great many.

Q. A half dozen, more or less?—A. Exclusive of clerks of the bank, there were not more than a half dozen.

Q. Were any of them marked that you did deliver up?—A. I do not remember any.

By Senator CARLISLE:

Q. Did the bank have a memorandum or book showing the deposit of these boxes and trunks, with the names of the persons to whom they belonged?—A. I have not seen any.

Q. In every instance you had to depend upon any information you could get outside of the bank as to the ownership of these special deposits?—A. Yes, sir. As receiver I had certain property handed to me. I was careful that none of that was delivered. I tried to guard the fact that parties to whom property was delivered were not indebted to the bank.

Q. Does Sinclair still owe the bank?—A. No, sir.

Q. He has paid it?—A. Yes, sir; he has paid up.

Q. I was not here when you were examined on your connection with the clearing house. I do not know whether you stated in that examination what the condition of this bank was in the clearing house during the last few weeks before its failure?

The WITNESS. Perhaps you refer to what the chairman asked me to furnish, at my next examination, about the Maverick loaning at the clearing?

Senator CARLISLE. Yes, sir; and how its balances were.

The CHAIRMAN. I asked Mr. Beal to explain the statement of Mr. Magruder that the Second National and the Maverick were large lenders to the other banks, and I asked Mr. Beal to ascertain whether that was the fact, that his own bank and the Maverick were furnishing these large loans, and whether Mr. Magruder told the truth or otherwise.

The WITNESS. I have here a table showing the amounts loaned to Boston banks by the Maverick National Bank. These represent the loans at 10 a. m., in the morning. That is a banking phrase. That is, before clearing house on the close of business on the preceding day.

The CHAIRMAN. The paper will be put in the record.

The paper is as follows:

Amounts loaned to Boston banks by Maverick National bank.

July 20, 1891, a. m.	\$70,000	Aug. 6, 1891, a. m.	\$725,000
" 21, " "	320,000	" 7, " "	1,000,000
" 22, " "	395,000	" 8, " "	445,000
" 23, " "	330,000	" 10, " "	600,000
" 24, " "	520,000	" 11, " "	255,000
" 25, " "	470,000	" 12, " "	50,000
" 27, " "	370,000	" 13, " "	50,000
" 28, " "	555,000	" 14, " "	50,000
" 29, " "	580,000	" 15, " "	50,000
" 30, " "	790,000	" 27, " "	100,000
" 31, " "	970,000	" 28, " "	150,000
Aug. 1, " "	615,000	" 29, " "	100,000
" 3, " "	560,000	" 31, " "	280,000
" 4, " "	610,000	Sept. 1, " "	480,000
" 5, " "	580,000	" 2, " "	455,000

Amounts loaned to the Maverick National Bank by Boston banks.

Aug. 12, 1891, a. m.	\$25,000	Aug. 19, 1891, a. m.	\$475,000
" 13, " "	25,000	" 20, " "	395,000
" 14, " "	25,000	" 21, " "	230,000
" 15, " "	155,000	" 22, " "	180,000
" 17, " "	240,000	" 24, " "	155,000
" 18, " "	215,000		

By Senator CARLISLE:

Q. The paper which has just been put in the record shows the business of the Maverick Bank with the Boston banks?—A. Yes, sir.

By the CHAIRMAN:

Q. Will you be kind enough to state what the Second National was doing at that time?—A. At the close of business, August 6, they had \$1,000,000 due them from the banks of the Boston clearing house.

Q. So that Mr. Magruder's statement that at this particular date the Second National and the Maverick were large lenders to the other banks was true?—A. Yes, sir.

Q. Now, will you account for this large amount which happened at this time to be in the Maverick and in your bank, if there was any

special reason for it?—A. My impression is that two of the depositors of the Maverick were having large amounts paid in on account of subscription to their capital stock.

Q. Which for the time being were put in the Maverick Bank?—A. Which in the natural course of business were put in the bank.

Q. What interests were those?—A. The West End Street Railway and the Boston and Maine Railroad.

Q. Large temporary deposits received under those circumstances would naturally be loaned from day to day by the bank to other banks in the city?—A. Yes, sir.

Q. Instead of being made the basis of time loans?—A. Yes, sir.

Q. That is the way you account for that?—A. Yes, sir.

Q. And for the condition of affairs at the time Mr. Magruder wrote this letter?—A. Yes, sir.

Q. Have you looked at the constitutions of the clearing-house association prior to 1888 since you were examined on a previous occasion?—A. Yes, sir. In regard to section 18, I have asked the manager of the clearing house to furnish me with all the constitutions he has, and he has only been able to furnish me with four.

Q. Two in addition to those furnished before?—A. Two in addition to those furnished before.

Q. How does section 18 read?—A. In the edition of May, 1888, the last clause of section 18 has been added.

Q. In 1888 it was put in, was it not?—A. Yes, sir; the edition of December, 1882, has not the clause as stated in the later constitutions.

Q. The provision authorizing the clearing-house committee to examine banks?—A. Yes, sir.

Q. Does the clause exist making it the duty of the clearing-house committee to investigate apparent infractions of the law?—A. Yes, sir; it does.

Q. That is the clause I wish you to trace back and see whether it is in the next prior constitution.—A. No, sir; that is not in the edition of 1878.

Q. Read section 18 of the edition of 1878. Read the beginning of the corresponding section, if the section is the same number. It may not be the same number.—A. Section 18 in the edition of June, 1878, begins as follows:

The clearing-house committee shall have power in case of urgent necessity—

Q. Beginning with the second clause of section 18?—A. Yes, sir.

Q. So that this clause making it the duty of the clearing-house committee to investigate banks came in between—A. Came in between June, 1878, and December, 1882.

Q. It is not in the 1878 one?—A. No, sir.

By Senator CARLISLE:

Q. I do not understand you to say that this clause, of which I will read you the commencement, is in the 1878 edition:

The clearing-house committee is also empowered, whenever it shall consider it for the best interest of the association, to examine any bank—

That is not in the edition of 1878?—A. No, sir.

Q. That did not appear until 1888?—A. No, sir.

Q. There is something, however, in the edition of 1878 which you started to read. Does that relate to the examination of banks?—A. There appears to have been two amendments of section 18.

Senator CARLISLE. I see now; it is the second clause of section 18, as it stands.

By the CHAIRMAN:

Q. Prior to that time the duty of examining banks did not exist?—

A. No, sir.

Q. Have you any reason to change the opinion you expressed the other day that this clause of section 18, making it the duty of the clearing-house committee to investigate apparent infractions of the law, has been unused at all times?—A. I know of no reason to change that opinion. On the other hand, I know of no time when it should have been used from anything the committee knew.

Q. When it came to the knowledge of the committee?—A. Yes, sir; and they failed to use the knowledge.

Q. As a matter of fact, there never has been any investigation or action, as you stated the other day?—A. None that I know of.

Q. You heard Mr. Hutchins's statement in reference to the Irving A. Evans settlement?—A. Yes, sir.

Q. Can you give the committee any further information about that settlement?—A. No, sir.

Q. To throw light upon the essential character of the transaction?—A. No, sir.

Q. You state in your letter to the Comptroller, I think, that it was the discovery of these facts connected with this settlement that somewhat changed the attitude of the receiver toward Mr. Potter, and that it was different after this discovery from what it had been. Do you remember any expression of that sort?

The WITNESS. Is it in that letter to the Comptroller?

Mr. HUTCHINS. Page 104, I think.

Q. Do you remember making any such statement in a letter to the Comptroller?

Mr. HUTCHINS. I remember it, Mr. Beal, but I do not know that there is a copy of the letter there. There is such a statement.

Q. As a matter of fact did you and your counsel take a different view of Mr. Potter after this settlement from what you took before you discovered it or the details of it?—A. It is the only case in which we had found him, in our opinion, making false statements to us.

Q. That was the first case?—A. Yes, sir.

Q. Up to that time you had placed more or less reliance upon what he said or information he had given you?—A. Yes, sir.

Q. Since you discovered this you regarded it as a matter of gravity, and so treated it?—A. Yes.

Q. And you realized that Mr. Potter had made misstatements after you made the investigation stated in this letter of Mr. Hutchins?—A. We realized that in that matter he made misstatements to us, yes, sir; but our consultations with Mr. Potter were chiefly as to the value of securities, and we only used that judgment to confirm our information.

Q. You had not occasion to confer with him as to anything except generally as to the value of the assets of the bank?—A. That is the only way in which we conferred with him.

Q. Which necessarily, it would be presumed, he would wish to have as much realized on as possible?—A. It would be to his interest to have as much realized as possible.

Q. I requested you to be prepared to make a statement of all compromise settlements which you have made where less than the face value of any credit has been accepted by you. Have you been able to

prepare such a statement?—A. There were a number of cases of notes falling due at a later date, where, in the interest of the trust, we rebated the interest at 6 per cent per annum. But I made no list of those. The only other cases are the compromise with S. W. Bates, which shows a loss to the bank of \$2,544.23. He owed the bank some \$5,000, I think, and this is a settlement in insolvency before the court in Boston. The other case is that of Thomas Dana & Co., showing a loss of \$66,676.88.

Q. That is detailed in the testimony?—A. Yes, sir; I think so. Those are the only cases. The matter of Charles A. Sinclair I think is detailed in the testimony.

Q. There you do not consider you have made any loss?—A. I do not consider we have made any loss.

Q. Are these all the cases where you have accepted less than the face value?—A. All I remember—as yet.

The CHAIRMAN. The paper will be put in the record.

The paper is as follows:

1892.

June 28. Loss on Thomas Dana & Company indebtedness, on account of the following described notes:

Susie M. Jordan.....	\$5,000Number,	1579-47	} ..\$66, 676. 88
E. H. Rowe	10,000	.....	1581-46
E. L. Hutchinson.....	10,000	.....	1572-1
E. L. Hutchinson.....	5,000	.....	1571-51
E. L. Hutchinson.....	10,000	.....	1571-50
J. M. Ramseyer.....	5,000	.....	1571-44
J. C. Greeley.....	15,000	.....	1549-31
C. I. Behnke.....	20,000	.....	1571-47
A. A. Finneran.....	5,000	.....	1571-43
W. O. Delano.....	3,002.04	.....	1398-23
W. O. Delano.....	330.52	.....	1031-5
W. O. Delano.....	3,000	.....	1549-26
W. O. Delano.....	1,500	.....	1150-3
Electric Lutre Starch Co..	4,000	.....	1508-44

July 8. Loss on S. W. Bates indebtedness:

Note, \$1,000 due November 16, 1891.....	} ...\$2, 544. 23
“ 2,000 “ Feb’y 22, 1892.....	

By the CHAIRMAN:

Q. With how many of these compromises did you go into court?—A. All of them except the rebates of interest.

Q. I understand you did that in all cases?—A. In all cases.

Q. Will you now describe to the committee, because this is a subject we wish to investigate, the course of procedure where a debtor of a failed bank wants to pay less than he owes, and the receiver thinks it advisable to take less than he owes? What is the procedure?

Mr. HUTCHINS. I may perhaps be able to do that better than Mr. Beal.

The WITNESS. I think Mr. Hutchins can do it better than I could.

The CHAIRMAN. You may state it generally, and then we will hear Mr. Hutchins.

The WITNESS. The party owing the bank submits to the receiver a statement of his condition and his inability to pay, and states what he can do. The receiver, so far as possible, verifies the correctness of the statement, confirms his opinion as to its correctness and honesty, and then he submits the facts to the Comptroller's Office; and if he deems the settlement favorable to the trust he so states to the Comptroller. The Comptroller in the cases under advisement has advised the ac-

ceptance of the offer. A petition is prepared stating all the facts—

Q. By whom is the petition prepared?—A. By the counsel of the receiver; and such a petition is presented to—I think I am right—the judge of the United States district court—

Mr. HUTCHINS. Yes.

The WITNESS. The judge of the United States district court, by the receiver or his counsel, and the matter is then taken under advisement by the said judge, and at the proper time he allows the petition, and then a settlement is carried out in accordance with that order.

By Senator CARLISLE:

Q. Does the judge hear any testimony in the case?—A. I must ask my counsel to answer.

By the CHAIRMAN:

Q. We would like to see what you, as a business man and receiver, understand. Where does the district attorney come in, if at all?—A. Nowhere, to my knowledge.

Q. Does not the district attorney appear in behalf of the receiver in any case?—A. I should prefer my counsel to answer that.

Q. To your knowledge?—A. I think the expression has been used "attorney of record." He may appear there as attorney of record.

Q. Was this application to the court made in the name of the district attorney, as you understand it?—A. I can not answer that question.

Q. Who appears against the compromise? You understand that the receiver comes to the conclusion to accept it, and that the receiver's counsel comes into court after it has been approved by the Department, on the application of the receiver, and then the court hears the petition in the case. But what we want to get at is, how do you understand the other side is represented?—A. Notice is published in the papers.

Q. In all cases?—A. In most cases.

Q. Is there any printed regulation on that subject or any printed rule or printed instructions, or written instructions to the receiver?—A. I do not think I have any written instructions.

Q. Does not the receiver sometimes allow a compromise to be made without getting the consent of the court?—A. I recollect none that I have made.

Q. Does he not authorize a settlement to be made prior to getting the consent of the court and submitting the matter to the court after the settlement is made?—A. I do not think I have made any.

Q. Have you ever asked the authority of the Comptroller to make a settlement without going to the court?—A. No, sir; I think not.

Q. I think I can find one.—A. I say this subject to correction.

By Senator CARLISLE:

Q. Do you know any case where the creditors have actually appeared in court in person or by counsel and have resisted one of these applications for a compromise?—A. Where the creditors have appeared—I know of none.

Q. You know of no such case?—A. I do not remember any. Do you refer to my case as receiver of the Maverick Bank?

Senator CARLISLE. Yes.

A. I know of none.

Q. Do you know of any other case where the creditors have appeared in court and have resisted the consummation of a proposed compromise or adjustment?—A. Personally, I do not.

Q. All you can say is that, as you understand it, generally there is a notice given. They might appear if they wanted to?—A. Yes, sir.

Q. That notice is not always given?—A. In almost all cases.

By the CHAIRMAN:

Q. How about an application to the court for leave to sell securities owned by the bank? To what extent is that required?—A. We have always obtained the permission of the court to sell.

Q. For all securities?—A. Yes, sir.

Q. I find the case where Mr. Albert J. Hosler's claim was settled as proposed by Mr. Hyde, where, in your letter of April 28, 1892, you say you wish telegraphic approval so as to file your petition:

And would kindly ask you to telegraph upon receipt of this letter that I may do so and that this course meets with your approval, in which event I shall file my petition at once and pass the papers on Monday, May 2, as Mr. Hyde is in a hurry to have the transaction put through.

That settlement seems to have been entirely justifiable, because it was in every way favorable to the bank. But where you petition the court for leave to sell securities, who appears on the other side? Is there any notice to the creditors in this case?—A. I think there was a notice in all cases. My counsel did that.

Q. By advertisement?—A. Certainly in a large number of cases.

Q. The only notice you ever gave to creditors was by advertisement?—A. I think so.

Q. There were so many creditors that you could not have given notice in any other way. All the compromises you have made you have stated?—A. I think so.

Q. You were requested to furnish a statement of all stock in the Boston and Maine Railroad which the bank owned, held as collateral, or held the right to equities in, with a memorandum of the amount realized in each sale of Boston and Maine stock or of rights to such stock. Have you been able to bring such statement?—A. Here is a statement showing the amounts derived from the sale of the Boston and Maine Railroad stock.

The CHAIRMAN. The statement will be put in the record.

The statement is as follows:

Derived from sale of Boston & Maine R. R. Company stock, viz:

26 shares, $\frac{3}{8}$ Charles E. Kelsey, guaranteed by A. P. Potter	\$4,468.75
100 " " belonging to Maverick National Bank, in bond $\frac{3}{8}$ No. 1	16,187.50
Margin of stock sold by Worcester 5c. Savings Bank	3,931.25
" " " " " Southbridge " "	1,214.03
177 shares $\frac{3}{8}$ Charles A. Sinclair	29,479.35
Equity of A. P. Potter in 888 shares	84,995.42
	\$140,276.30
Net per share stock	\$166 $\frac{2}{3}$
" " " right	66 $\frac{1}{3}$

The WITNESS. In addition to these there is that stock which is included in the Sinclair settlement, including the equity in the 2,047 shares.

Q. Where you made a settlement with Mr. Sinclair based upon his taking the Boston and Maine shares at the price of the market when the notes became due?—A. Yes, sir.

Q. Are the transactions you have now given all the transactions of the receiver in Boston and Maine stock?—A. Yes, sir.

Q. The one hundred and forty odd thousand dollars and the Sinclair settlement?—A. Yes, sir.

Q. What does that make the amount of shares which the receiver had an interest in, coming directly or indirectly from Mr. Potter—the equity in how many shares?—A. About 1,200 shares. There were the shares up at the savings banks in addition, at the Worcester Five Cent Savings Bank and the Southbridge.

Q. Was there any more at savings banks than you have mentioned?—A. No, sir.

Q. The other savings banks' holdings were disposed of by the Sinclair settlement?—A. I think so.

Q. Substantially, therefore, you have given the whole Boston and Maine business?—A. Yes, sir.

Q. I will make some inquiries as to the West End Land Company and the West End Street Railway.—A. Here is a statement showing the amount derived from the sale of West End Street Railway stock.

The CHAIRMAN. The statement will be put in the record.
The statement is as follows:

Derived from sale of West End Street Railway Company stock.

200 shares preferred $\frac{3}{4}$ c Peter Butler	\$16,937.50
78 " common " B. F. Tenney	5,850.00
118 " common " A. P. Potter, general collateral	8,894.25
Equity of A. P. Potter in 1930 shares common stock, general collateral..	45,837.50
Equity of Jonas H. French in 1660 shares common stock (gen. coll.).....	39,425.00
	<hr/>
	\$116,944.25

Preferred, net	\$84.68
Common, "	75.22
Rights, "	23.70

Q. Does that statement relate to the West End Land Company?—A. No, sir; the West End Street Railway Company stock. I should say that the larger part of this is represented by 3,590 shares on which was only derived the premium above par of said stock, namely, above the par of \$50.

Q. For what reason?—A. They had a call on the stock, as the expression is; for the delivery of the stock at \$50.

Q. Will you inform the committee whether the West End Land Company and the West End Street Railway Company are two companies?—A. Entirely separate, so far as I know.

Q. Now expound them to us, if you will. What are they and what are their relations to each other?—A. I will state this, subject to correction. The West End Street Railway represents the horse railways of Boston, now largely run by electric power. The West End Land Company represents land in the neighborhood of Boston, and in addition they hold in their treasury a large amount of stock of the West End Street Railway Company.

Q. So that their connection with the railway company is by the ownership, as an asset, of certain stock in the West End Street Railway Company?—A. One of the assets of the land company is a large number of shares of the West End Street Railway stock.

Q. The controlling corporation is the land company?—A. No, sir. By that I would imply that the West End Land Company held a majority of the stock.

Q. Enough to control it?—A. I do not think they do.

Q. Is the management of the two companies substantially the same?—A. I think not.

Q. So that the West End Street Railway has an entity different from that of the West End Land Company?—A. Yes, sir; decidedly. Some of our most representative men are in it.

Q. In the railway company?—A. In the railway company.

Q. Are we to understand that all this vast network of electric wires and moving cars that we see are owned by one company, the West End Street Railway Company?—A. I understand so.

Q. Have they all the Boston electric railways?—A. All in the city proper.

Q. Both of these companies were in strong standing during the time when their stocks were taken at the Maverick Bank?—A. Their stocks had a market.

Q. They were collateral at some rate?—A. Yes, sir.

Q. Good collateral at some rate during this period?—A. Yes, sir.

Q. What was Mr. Potter's connection with these two companies; was he an officer in either of them?—A. I do not know, sir.

Q. Have you heard whether he was an officer in the West End Land Company or the West End Street Railway Company?—A. I have not heard.

Q. Was he a holder of the securities of the two companies?—A. He was supposed to be largely interested in the West End Land Company.

Q. How about the West End Street Railway Company; has that stock been regarded as a speculative stock?—A. Hardly speculative; no. It certainly is not now.

Q. It has a fixed value now?—A. It has a fixed value now; an investment stock.

Q. How has the West End Street Railway Company managed to acquire all these street railways?—A. By purchase, so far as I know.

Q. Have you been able to ascertain to what extent the Maverick Bank loaned on sugar certificates?—A. I have not been able to make progress in that direction. That would be exceedingly difficult in any bank.

Q. As a matter of fact, along about the time when Mr. Magruder appears to have been interested in a thousand shares of sugar-trust certificates, were they or not largely used as collateral in the Maverick Bank?—A. I do not know, sir.

Q. Were they then largely received by the various banks of Boston?—A. Yes. There was a difference of opinion amongst banks as to their collateral value. They had an active market, and therefore had the one great element of good collateral.

Q. If you had occasion to sell anybody out, you could sell the certificates?—A. Yes, sir.

Q. About the time Mr. Magruder appears to have been making a little money out of them, were they freely used in the Boston banks as collateral?—A. I should think they were, sir. I have here a statement showing the amount derived from the sale of West End Land Company stock.

Q. Have you any statement you would like to make as to that?—A. No, sir. The transaction is fully referred to in the receiver's letter to the Comptroller.

The CHAIRMAN. That statement will be inserted in the record.

The paper is as follows:

Derived from sale of West End Land Company stock.

1,500 shares	3/4	Edward J. Jenkins	\$26,900.59
310 "	"	B. F. Tenney	5,559.46
1,500 "	"	H. G. Dillaway, guaranteed by A. P. Potter	26,900.59
1,500 "	"	Scott F. Bickford, " "	26,900.59
700 "	"	E. M. Bixby, " "	12,553.61
1,500 "	"	Jos. M. Cox, " "	26,900.59
1,000 "	"	Charles F. Kellogg, " "	17,933.73
1,274 "	"	Warren G. Monk, " "	22,847.60
7,887 shares	"	Jonas H. French, general collateral	141,443.30
<hr/>			
17,171	"	Net, \$17,171 per share.	\$307,940.06

By the CHAIRMAN:

Q. There was one other statement that I requested you to make. You will find in the testimony of the committee a reference to your letter of June 1, 1892, to the Comptroller, page 142, "Items from schedule of remaining assets reported by the receiver of the Maverick National Bank in letter of June 1, 1892." That is not a full list of your remaining assets, if you will notice, but only a partial list as you reported them on the first day of June, 1892. How much have you realized in money since that date?—A. Excuse me. Perhaps that question will be best answered by giving you a paper, which should be here, of the amount collected since June 1, 1892. Here is a transcript of my cash book from that time.

By Senator CARLISLE:

Q. What does that show the aggregate to be?—A. \$185,870.20.

By the CHAIRMAN:

Q. That you have received since June 1, 1892?—A. Yes, sir. That does not include \$10,000 which I received yesterday or the day before. It includes the amount up to the time you asked me to have that statement prepared.

Q. That is all you have received up to that date?—A. Yes, sir.

The statement is as follows:

Collections made by Thomas P. Beal, receiver of Maverick National Bank, from June 1, 1892, to August 22, 1892.

1892.			
June	4.	Meyers Bros., note due November 19, 1891	\$6,164.00
"	4.	L. Samuel, " " " 16, 1891	3,500.00
"	7.	Sale of blank check-books, 2,210, at 1¢ each	33.15
"	7.	Profit on amount due from Munster and Leinster Bank	49
"	8.	W. J. Griffiths, note due December 29, 1891	350.00
"	8.	Interest on W. J. Griffiths' note due December 29, 1891	9.45
"	8.	Sale of blank letter-books	6.20
"	13.	Sale of window awnings and waste-paper baskets	16.10
"	23.	Sale of basket and box	26
"	23.	Wm. Vogler, note due June 22, 1892	1,000.00
"	23.	Interest on Wm. Vogler note, \$825, due June 22, 1893	20.63
"	22.	Thomas Dana & Company, partial payment	3,000.00
"	24.	John T. Curry, overdue note	4,800.00
"	24.	John T. Curry, overdue note	4,800.00
"	24.	John T. Curry, overdue note	4,750.00
"	24.	Interest on John T. Curry overdue notes	181.77
"	23.	From assignees of A. P. Potter	50,000.00
July	1.	Coupons due July 1, 1892, on United States 4 per cent bonds on hand	236.50
"	1.	Interest due July 1, 1892, on \$10,000 U. S. Reg. 4 per cent bond on hand	100.00

Collections made by Thomas P. Beal, receiver of Maverick National Bank, from June 1, 1892, to August 22, 1892—Continued.

1892.		
July	1.	Interest on daily balances to the credit of Thomas P. Beal, receiver, in the Second National Bank of Boston, at 2 per cent per annum, from April 1, 1892, to July 1, 1892
		\$703.96
"	8.	John F. Pitman, partial payment, note due December 31, 1891
		10.00
"	14.	Sale of rack for holding paper
		2.50
"	22.	Received on $\frac{3}{4}$ of draft drawn on Belfast Banking Company
		9.80
"	23.	Elizabeth C. Parkhurst, $\frac{3}{4}$ assessment on six shares of stock
		600.00
"	8.	Samuel W. Bates, 10 per cent of claim paid in cash
		278.17
"	23.	John Ruggles, assessment on 5 shares of stock
		500.00
"	25.	Wellfleet Marine Insurance Company, assessment on 10 shares of stock
		1,000.00
"	25.	Ellen Tenney, assessment on 3 shares of stock
		300.00
"	26.	Frank Miller, assessment on 5 shares of stock
		500.00
"	26.	John D. Miller, assessment on 5 shares of stock
		500.00
"	26.	Charles H. Adams, assessment on 3 shares of stock
		300.00
"	26.	Harriet L. Whipple, assessment on 1 share of stock
		100.00
"	26.	Marshall H. Locke, assessment on 5 shares of stock
		500.00
"	26.	Sale of two blank books
		7.50
"	27.	Chicopee Savings Bank, assessment on 12 shares of stock
		1,200.00
"	27.	Trustees of will, P. Houghton, assessment on 6 shares of stock
		600.00
"	27.	Lee Savings Bank, assessment on 10 shares of stock
		1,000.00
"	28.	Rufus Emery, assessment on 6 shares of stock
		600.00
"	28.	Theodore H. Badlam, assessment on 2 shares of stock
		200.00
"	28.	John Platts, assessment on 10 shares of stock
		1,000.00
"	28.	Jane Plumer, assessment on 10 shares of stock
		1,000.00
"	28.	Augustus Sampson, assessment on 10 shares of stock
		1,000.00
"	28.	George T. Sampson, assessment on 10 shares of stock
		1,000.00
"	28.	Harvey W. Weston, assessment on 2 shares of stock
		200.00
June	23.	Six months' interest on Wm. Vogler note, \$1,000
		25.00
"	28.	E. A. & S. B. Hildreth, executors, assessment on 21 shares of stock
		2,100.00
"	28.	Charles A. Hill, assessment on 4 shares of stock
		400.00
"	29.	Emily A. Hill, assessment on 2 shares of stock
		200.00
"	29.	A. W. Bassett, assessment on 5 shares of stock
		500.00
"	29.	Edwin K. Johnson, assessment on 1 share of stock
		100.00
"	29.	Belinda Downing, assessment on 8 shares of stock
		800.00
"	29.	Hannah A. Crosby, assessment on 14 shares of stock
		1,400.00
"	29.	Albert A. Holbrook, assessment on 2 shares of stock
		200.00
"	29.	Francis Dodge, guardian, assessment on 40 shares of stock
		4,000.00
"	29.	Elizabeth Wilkinson, assessment on 5 shares of stock
		500.00
"	29.	J. M. Johnson & Gardiner Green, jr., trustees, assessment on 15 shares of stock
		1,500.00
"	30.	George W. Greenough, assessment on 4 shares of stock
		400.00
"	30.	Jeremiah Olney, assessment on 7 shares of stock
		700.00
"	30.	Jonathan King, assessment on 5 shares of stock
		500.00
"	30.	Hosea Kingman, trustee, assessment on 5 shares of stock
		500.00
August	1.	Leicester Savings Bank, assessment on 10 shares of stock
		1,000.00
"	1.	Justin S. Morrill, assessment on 10 shares of stock
		1,000.00
"	1.	Seth Clarke, assessment on 10 shares of stock
		1,000.00
"	1.	Citizens Savings Bank, Fall River, Mass., assessment on 54 shares of stock
		5,400.00
"	1.	W. K. Blodgett, assessment on 30 shares of stock
		3,000.00
"	1.	Elizabeth Plimpton, assessment on 6 shares of stock
		600.00
"	1.	Marcia H. Emery, assessment of 5 shares of stock
		500.00
"	1.	Rutha E. Shackford, assessment on 3 shares of stock
		300.00
"	1.	George W. Garland, assessment on 1 share of stock
		100.00
"	1.	Thomas Minns, assessment on 10 shares of stock
		1,000.00
"	1.	Lucy Muzzey, assessment on 7 shares of stock
		700.00
"	1.	Harvey Wilkinson, assessment on 5 shares of stock
		500.00
"	1.	R. Winslow and N. J. Adams, trustees, assessment on 25 shares of stock
		2,500.00
"	1.	Adeline Freeman, assessment on 5 shares of stock
		500.00
"	1.	Mrs. A. E. Smith, assessment on 18 shares of stock
		1,800.00
"	1.	W. H. Leamard, assessment on 21 shares of stock
		2,100.00
"	1.	Frances E. Taylor, assessment on 6 shares of stock
		600.00
"	1.	Lucy M. Leamard, assessment on 6 shares of stock
		600.00
"	1.	J. H. Towne, assessment on 5 shares of stock
		500.00

Collections made by Thomas P. Beal, receiver of Maverick National Bank, from June 1, 1892, to August 22, 1892—Continued.

1892.

August	1. Nathaniel B. Hains, assessment on 3 shares of stock.....	\$300.00
"	1. Trustees Bridgewater Cemetery, assessment on 1 share of stock.....	100.00
"	1. Harriet B. Bancroft, assessment on 5 shares of stock.....	500.00
"	1. Joseph W. Work, assessment on 23 shares of stock.....	2,300.00
"	1. Anna H. McKean, assessment on 2 shares of stock.....	200.00
"	1. Newburyport (Mass.) 5c. Savings Bank, assessment on 40 shares of stock.....	4,000.00
"	1. Newburyport Institution for Savings, assessment on 200 shares of stock.....	20,000.00
"	1. W. G. Russell & R. Olney, trustees, assessment on 14 shares of stock.....	1,400.00
"	1. Geo. Greig and W. G. Russell & R. Olney, trustees, assessment on 26 shares of stock.....	2,600.00
"	2. Mrs. A. M. H. Hathaway, assessment on 25 shares of stock....	2,500.00
"	2. Central Savings Bank, Lowell, Mass., assessment on 10 shares of stock.....	1,000.00
"	2. Provident Institution for Savings, Amesbury, Mass., assessment on 20 shares of stock.....	2,000.00
"	2. E. T. Fogg & Willard Torry, trustees, assessment on 9 shares of stock.....	900.00
"	2. William R. Dewey, trustee, assessment on 3 shares of stock....	300.00
"	2. Interest on W. R. Dewey, trustee, overdue assessment.....	.05
"	3. George Runels, assessment on 50 shares of stock.....	5,000.00
"	3. George L. Harris, assessment on 31 shares of stock.....	3,100.00
"	3. Ezra B. Robinson, assessment on 20 shares of stock.....	2,000.00
"	3. A. M. H. Hathaway, one day's interest on overdue assessment, \$2,500.....	.41
"	3. Ezra B. Robinson, two days' interest on overdue assessment, \$2,100.....	.87
"	3. Mrs. J. M. Hunting, assessment on 20 shares of stock.....	2,000.00
"	3. Mrs. J. M. Hunting, two days' interest on overdue assessment....	.87
"	5. Charles H. Pew, assessment on 10 shares of stock.....	1,000.00
"	5. Charles H. Pew, five days' interest on overdue assessment....	.84
"	6. Charles C. Badlam, assessment on one share of stock.....	100.00
"	6. Charles C. Badlam, six days' interest on overdue assessment....	.10
"	6. Partial-payment note, Charles E. Raymond, \$601.25.....	30.00
"	10. Hannah P. Dunell, assessment on 10 shares of stock.....	1,000.00
"	11. George E. Leamard, assessment on 6 shares of stock.....	600.00
"	11. George E. Leamard, eleven days' interest on overdue assessment.....	1.10
"	11. Harriet P. Lamkin, assessment on 6 shares of stock.....	600.00
"	11. Harriet P. Lamkin, ten days' interest on overdue assessment....	1.00
"	15. W. D. Martin, assessment on 7 shares of stock.....	700.00
"	17. Dividend of 35 per cent upon claim of Maverick National Bank against First National Bank, Palatka, Florida.....	247.30
"	18. Partial payment on account Florida Commercial Company, \$42,420 note, due May 6, 1893, coupons from bonds Jacksonville, Tampa and Key West R. R. Company held as collateral.....	480.00
"	11. Samuel B. Hopkins, assessment on 4 shares of stock.....	400.00
"	11. Samuel B. Hopkins, eleven days' interest on overdue assessment.....	.74
"	20. J. Walter Sanborn, assessment on 3 shares of stock.....	300.00
"	20. J. Walter Sanborn, 19 days' interest on overdue assessment....	.95
"	20. Ephraim Sprague, trustee, assessment on 6 shares of stock....	600.00
"	20. Ephraim Sprague, 19 days' interest on overdue assessment....	1.90
		85,870.20

By the CHAIRMAN:

Q. Does that include the receipts from shareholders?—A. Yes, sir.

Q. That assessment was made what time—since June 1, 1892?—A. Yes; it was made in July.

Q. What is your duty under that?—A. The duty under that was to notify shareholders of their liability, and by order of the Comptroller

we requested payment on August 1, and after that date on any payments not made by that date we were to charge interest at the rate of 6 per cent, and in due course we were to begin suits for the collection of unpaid assessments.

Q. Which suits you have not had occasion to commence?—A. We have not commenced any as yet. We are considering the advisability of it.

Q. How much, in round numbers, have you received on that assessment?—A. \$115,000.

Q. How much was your expectation of getting?—A. \$145,000.

Q. Then they have paid up very promptly under all the circumstances?—A. Yes, sir.

Q. What is now your expectation as to further dividends?—A. There has been 80 cents paid, and we hope within 60 days to pay from 3 to 5 cents more, and after that we shall hope to pay a further dividend not exceeding 6 or 7 cents more.

Q. Your expectation is to pay about 90 cents?—A. I hope to pay about 90 cents.

Q. Has the real estate down in Maine been disposed of?—A. No, sir.

ADDITIONAL STATEMENT OF EDWARD W. HUTCHINS.

The CHAIRMAN. State the practice, as you have learned it as counsel for the receiver, in reference to making compromises with debtors of a failed bank who do not want to pay the full amount.

Mr. HUTCHINS. The practice is this: An arrangement is made, subject to the approval of the Comptroller and the court, with the debtor. When the receiver gives his sanction to the trade, he sends a statement to the Comptroller, states the facts to him, and advises him. The Comptroller gives his approval to it. There is a petition to the court. The statute does not authorize the making of any settlement or the sale of any property without the order of the court. It can not be done. The petition is made to the court, which is required to allege, among other things, the authority of the Comptroller to the filing of the petition. An affidavit is also required from the receiver that the same is, in his judgment, for the best interests of the trust. The court does or does not issue order notice to be given to creditors. There is no requirement in the statute as to such notice, and, as a matter of fact, in this case the court is guided solely by the judgment of the receiver as presented to him. In small cases no notice is given. Where haste is required no notice is given. In some instances haste is required. In ordinary cases notice is given to the creditors.

The CHAIRMAN. By publication?

Mr. HUTCHINS. By publication in a newspaper, usually three times. We have given notice by publication once or twice. In some cases no notice is given to creditors. As a matter of fact, no creditor has in any case ever appeared to oppose it. In one instance one of the stockholders of the bank, Mr. Thomas Dana, did appear by counsel and opposed it, and the result of his opposition was that a further and better term, more advantageous to the trust, was added to the settlement. It was productive of good in that event.

The CHAIRMAN. Now, then, who files this petition as counsel for the receiver?

Mr. HUTCHINS. Our firm.

The CHAIRMAN. I do not mean in this case; I mean generally what

is the rule, whether the district attorney has by statute any relation to it.

Mr. HUTCHINS. I think the statute is, "In all cases before the court, the district attorney"—I can not quote the statute, I am sorry to say. I think the construction of the statute by the courts sanctions the appearance by special counsel.

Senator CARLISLE. The appearance of the receiver by special counsel?

Mr. HUTCHINS. Yes, sir; I think there is a decision to that effect.

The CHAIRMAN. Do you know where the provision is?

Mr. HUTCHINS. I think it is in the judiciary act.

The CHAIRMAN. Here is the law of 1864:

Such receiver, under the direction of the Comptroller, shall take possession of the books, records, and assets of every description of such association, collect all debts, dues, and claims belonging to it, and, upon the order of a court of record of competent jurisdiction, may sell or compound all bad or doubtful debts, and, on a like order, may sell all the real or personal property of such association on such terms as the court shall direct.

That clause is the statute that covers?

Mr. HUTCHINS. Yes, sir. In regard to the appearance of counsel, it is in the judiciary act, I think; 330 is my memory of the section.

The CHAIRMAN. Complaint has been made to the committee that these proceedings are practically one-sided, from the fact that if the district attorney appears at all he appears for the receiver and no one appears on the other side, because no one creditor and no one stockholder is likely to take the pains to come in and contest a settlement which the receiver has thought best to make.

Mr. HUTCHINS. Yes, sir. I do not think the criticism is just, so long as you have an honest Comptroller and an honest receiver. As a matter of fact, the creditors never contest, even if they know it. They never take the trouble to go near the court. It is almost absurd to suppose that any of them would. The interest of no one of them would be large enough. He would trust entirely to the receiver. But, Mr. Chairman, was it your idea to ask me whether there was any remedy for that?

The CHAIRMAN. My idea was to ascertain first from the receiver in this case by way of illustration what he has done; secondly, from you information as to the legal steps. The point is, in answer to what you have said, that, notwithstanding there may be an honest receiver and an honest Comptroller and very good counsel, equally honest, there is, as a matter of fact, whatever there may be in theory, no representation of the other side.

Mr. HUTCHINS. You can not have such representation as a matter of fact. The way the courts, I think, sometimes do—and I think it is within the power of the court to do such a thing in one of these cases—is to appoint what is called an *amicus curiæ*, or some one to take his place, to hear testimony upon which to advise the court.

The CHAIRMAN. Would not a very much simpler way be to allow the receiver, who has made up his mind, and the Comptroller, who has made up his mind solely upon the representations of the receiver, to appear in court as petitioners by the receiver's counsel, and have the district attorney appear in all cases on the other side for the creditors and stockholders—would not that be a very simple proceeding, and one likely to protect the interests of all?

Mr. HUTCHINS. Excuse me for arguing—

The CHAIRMAN. That is exactly what I want.

Mr. HUTCHINS. Would not that get to be a perfunctory matter? Is

not the court there for that purpose? Mr. Beal, as receiver, comes before the court, and the court is supposed to investigate and to represent itself, being called upon—

The CHAIRMAN. I have an answer which I consider perfectly good and overwhelming to that suggestion, and that is that no court should do anything on any subject, if it can help it, without counsel on both sides. To have the receiver and the Comptroller and their counsel and the district attorney nominally present in favor of the compromise, with nobody on the other side but the court, is an extremely unjudicial proceeding, in my judgment; and I think whenever, by statute, there is provision made for a representation of parties in favor of the compromise, there should be a statutory provision for representation by counsel of the interests of persons opposed to the compromise, instead of leaving the court to be besieged on the one side by those in favor of the compromise, without any representation on the other side. As matter of law, do you not understand that the district attorney is directed to act as counsel for the receiver in cases of proposed compromise and sale of property which may be made under section 5234 of the bank act?

Mr. HUTCHINS. I do so understand, in the absence of special arrangements with counsel.

The CHAIRMAN. Under the present system no one will appear on the other side unless he is counsel employed by a stockholder or creditor?

Mr. HUTCHINS. No.

The CHAIRMAN. What method do you understand is now in practice for finally closing up a bank? Is it or not the custom to make a final sale at auction of the remaining assets?

Mr. HUTCHINS. I should suppose that would be usual, but I have had to do with no case of that sort.

The CHAIRMAN. Have you made any recommendation that that be done in the case of the Maverick Bank, as yet?

Mr. HUTCHINS. No, sir.

The CHAIRMAN. Has any application been made to the receiver, to your knowledge, for access to the remaining assets with a view to purchasing them?

Mr. HUTCHINS. Yes, sir.

The CHAIRMAN. By whom?

Mr. HUTCHINS. Such application was made by Mr. Hyde.

The CHAIRMAN. For himself, or representing other people?

Mr. HUTCHINS. I do not know whether you have that correspondence in your printed testimony or not.

The CHAIRMAN. It is not in the printed testimony, I think. I have seen such correspondence, but it is not in print.

Mr. HUTCHINS. I think the application was made as representing Mr. Potter. I am not sure, for this is from memory.

The CHAIRMAN. Mr. Hyde as counsel for Mr. Potter?

Mr. HUTCHINS. Yes.

The CHAIRMAN. State whether an exhibition of the assets has been made in response to his application.

Mr. HUTCHINS. There has been. The orders of the Comptroller of the Currency have been obeyed with regard to that.

The CHAIRMAN. There has been no negotiation entered into?

Mr. HUTCHINS. No, sir.

The CHAIRMAN. And there can be no sale without the order of the court?

Mr. HUTCHINS. No, sir.

The CHAIRMAN. In cases of that kind there would necessarily be published notice to the creditors?

Mr. HUTCHINS. Yes, sir.

The CHAIRMAN. Did Mr. Hyde, to your knowledge, have anything to do with purchasing the assets or claims against the Pacific National Bank, which failed?

Mr. HUTCHINS. I understood that Mr. Hyde represented one of the banks of Boston, which was by far the largest creditor in the case of the Pacific Bank, and that he had procured assignments either by purchase or as attorney of by far the largest claims in that case. But whether he acted himself as principal in the matter or as attorney I do not know.

The CHAIRMAN. Who was the receiver of that bank?

Mr. HUTCHINS. Mr. Lynus M. Price was the first receiver; afterwards Mr. Peter Butler.

The CHAIRMAN. Mr. Butler appears as a debtor of the receiver in this case, does he not?

Mr. HUTCHINS. Yes, sir.

The CHAIRMAN. How much does his debt lack of being closed?

Mr. HUTCHINS. I can not give you the figures. There is a small balance unpaid. My memory would be \$3,000 or \$4,000. Is it not, Mr. Beal?

Mr. BEAL. I think so.

The CHAIRMAN. Do you know why Mr. Butler does not pay that amount?

Mr. HUTCHINS. I think he does expect to. His son has given me to understand that a part of it, possibly a large part, would be paid. I do not imagine Mr. Butler to be a man of large means.

The CHAIRMAN. How is it that he was borrowing from the Maverick Bank on a certificate of the receiver of the Pacific National Bank?

Mr. HUTCHINS. Neither Mr. Beal nor I have made any investigation of how that happened.

The CHAIRMAN. Is there such a certificate there as collateral now?

Mr. HUTCHINS. No, sir.

The CHAIRMAN. That loan which was made on a certificate of the receiver of the Pacific National Bank has been paid?

Mr. HUTCHINS. No, sir; the entire debt of Mr. Butler has not yet been paid. Mr. Beal has delivered up that certificate upon receipt of the final dividend in the Pacific National Bank, all the money he would be entitled to receive, and of a bond signed by Mr. Peter Butler and a man of unquestioned financial responsibility, as surety that any further money that is to come from that source, namely, from the receiver's certificate in the Pacific Bank, shall be paid to Mr. Beal.

The CHAIRMAN. That is gone?

Mr. HUTCHINS. That is gone.

The CHAIRMAN. But how the receiver was borrowing money of the Maverick Bank on a receiver's certificate, you say you did not investigate?

Mr. HUTCHINS. We did not investigate.

The CHAIRMAN. Nor how Mr. Butler came in possession of that certificate?

Mr. HUTCHINS. We did not investigate.

The CHAIRMAN. Presumably by purchase. It could not have been issued to him; he could not issue a receiver's certificate to himself in any way, he being the receiver?

Mr. HUTCHINS. Of course not.

The CHAIRMAN. Then he must have got it by purchase.

A quorum being present the following resolution was considered and agreed to:

Resolved, That the Chairman, with the concurrence of Mr. Carlisle, be authorized to appoint subcommittees, consisting of one or more members, to take testimony concerning the subject-matter of the inquiry directed by the Senate.

At 5 o'clock and 45 minutes p. m. the committee adjourned until tomorrow, Thursday, August 25, 1892, at 11 o'clock a. m.

BOSTON, MASS., *August 25, 1892.*

The subcommittee met at 11 o'clock a. m., pursuant to adjournment. Present: Senators Chandler (chairman) and Carlisle.

TESTIMONY OF THOMAS S. MCGOWEN.

THOMAS S. MCGOWEN, being duly sworn, testified as follows:

By the CHAIRMAN:

Q. Give your full name?—A. Thomas S.

Q. What is your place of business and your home residence?—A. Home residence at present is in Revere, Mass.; place of business is 147 Congress street.

Q. What is your age?—A. My age is 33.

Q. What is your business?—A. I am general clerk for Jones, Cook & Co.

Q. What is their business?—A. They are interested in several kinds of enterprises.

Q. State them, as you understand them?—A. I do not know that I care to answer.

Q. Are they the selling agents of the Frank Jones Brewing Company?—A. I do not know, sir.

Q. You do not know?—A. No, sir.

Q. What sort of a place of business have they?—A. They have an office at 147 Congress street.

Q. Can you not tell what their business is in that office—the office of Jones, Cook & Co., for whom you have been employed these many years?—A. I should not care to.

Q. You should not care to tell?—A. No, sir.

Q. Do you know?—A. I think I know.

Q. You think you know, but you decline to tell—is that your position?—A. Yes, sir.

Q. Will you state why you object to stating what their business is?—A. I do not wish to state.

Q. Why are you unwilling to state?—A. I have not any reason. I do not think I am justified.

Q. It is merely because you do not want to undertake to state the business affairs of your employers?—A. Yes, sir.

Q. Or to undertake to define what their business is?—A. Yes, sir.

Q. You would prefer to let them do that?—A. Yes, sir; I would. I would rather they would do that.

Q. That is the reason?—A. Yes, sir.

Q. You may state whether at any time you have signed accommodation notes for Jones, Cook & Co. or members of the firm?—A. I have for members of the firm.

Q. For whom?—A. For Mr. Sinclair.

Q. Have you ever signed accommodation notes for the other members of the firm or for the firm itself?—A. Not that I know of.

Q. Your only accommodation notes have been signed for Mr. Charles A. Sinclair, who is a member of the firm?—A. Yes, sir.

Q. And has been a member of the firm during this period?—A. Yes, sir.

Q. How large an amount at any one time have you ever become responsible for? Have you known how much?—A. It is so long ago I have forgotten. I think it was \$40,000 and \$39,000; something like that; I have forgotten.

Q. Have you signed many notes for Mr. Sinclair?—A. Those are about the only ones I remember.

Q. What ones?—A. Those two, forty thousand and thirty-nine thousand and something.

Q. Which went into the Maverick Bank, you mean; which have been mentioned in connection with the Maverick Bank?—A. They have been mentioned in connection with the Maverick Bank.

Q. You mean to say that the \$39,000 and the \$40,000 notes, amounting to about \$80,000, are the only ones you have made for Mr. Sinclair?—A. Those are the only ones I remember of.

Q. When did you first sign those notes for that loan?—A. I do not remember.

Q. Several years ago?—A. I think it was two or three years ago.

Q. Have you renewed those notes from time to time?—A. I do not remember of renewing them.

Q. Do you not remember signing more than one note for \$35,000 and one note for \$45,000?—A. I do not remember any more.

Q. You do not remember signing any renewals of those loans?—A. No, sir.

Q. Did you receive any compensation for signing these notes except your regular pay from the firm?—A. No, sir.

Q. Was there an understanding between you and Mr. Sinclair that he should put up collateral for these notes sufficient to take care of them?—A. Yes, sir.

Q. That was the transaction, then, was it not?—A. Yes, sir.

Q. Did you ever sign a note payable to the East Boston Savings Bank for \$25,000.

The WITNESS. Sign it?

The CHAIRMAN. Sign it.

A. No, sir.

Q. Did you ever indorse such a note?—A. I think I have.

Q. You think you have indorsed a note for \$25,000, payable to the East Boston Savings Bank?—A. Yes, sir.

Q. Was that for the accommodation of Mr. Sinclair?—A. Yes, sir. It was a collateral note, if I remember aright.

Q. With Boston and Maine stock as security?—A. I believe so.

Q. Did you sign a \$15,000 note to the Warren Five Cent Savings Bank?—A. I became surety on it.

Q. There you became surety?—A. I think so, sir.

Q. Did you sign a note, or become surety on a note for \$50,000 to the Worcester Mechanics' Savings Bank?—A. Yes, sir.

Q. One of \$15,000 to the Webster Five Cent Savings Bank?—A. Yes, sir.

Q. One of \$40,000 to the Dedham Institute for Savings?—A. Yes, sir.

Q. You remember all those?—A. I remember as signing as surety on those notes.

Q. Those were all to be protected by Boston and Maine Railroad stock as collateral?—A. By stocks as collateral.

By Senator CARLISLE:

Q. Were you a clerk with Jones, Cook & Co.?—A. Yes, sir.

Q. Who personally requested you to sign these notes?—A. Mr. Sinclair.

Q. Did you ever sign any note for Mr. Frank Jones?—A. No, sir.

Q. Or for anyone except Mr. Sinclair?—A. Not that I remember of.

TESTIMONY OF HENRY T. GOOLD.

HENRY T. GOOLD, being duly sworn, testified as follows:

By the CHAIRMAN:

Q. State your business place and your home residence.—A. My home is in Woburn, Mass.

Q. What place in Woburn?—A. Bennett street.

Q. What number?—A. No. 8, I think. The street is not all numbered. I think it is 8.

Q. What is your place of business?—A. No. 147 Congress street.

Q. What is your business?—A. Assistant treasurer of the Frank Jones Brewing Company.

Q. How long have you been connected with the Frank Jones Brewing Company—since its organization?—A. Yes, sir.

Q. Some three years ago?—A. A little over, I think.

Q. Is the office of the Frank Jones Brewing Company where the office of Jones, Cook & Co. is—in the same place?—A. Yes, sir.

Q. Do Jones, Cook & Co. do business there?—A. Yes, sir; they have an office there.

Q. What is the Frank Jones Brewing Company—a corporation under the laws of this State, or what State?—A. England, I think.

Q. An English corporation?—A. I think so.

Q. Is it not organized under the laws of New Jersey?—A. I do not think so. I do not know. I have never known of it.

Q. You are the treasurer of the company?—A. No, sir; I am the assistant treasurer.

Q. State your understanding as to where that company is chartered?—A. In England. That is what I understand it is.

Q. That is your impression. You do not know from an examination of the papers?—A. No, sir; it is my impression.

Q. What is the business of Jones, Cook & Co?—A. They were formerly ale brewers. They have got many things that are not settled up. I do not think they are in any regular mercantile business now.

Q. Who compose the firm of Jones, Cook & Co.?—A. Frank Jones, James P. Cook, and Charles A. Sinclair.

Q. Have you ever indorsed or signed notes for Jones, Cook & Co.?—A. Yes, sir.

Q. Have you ever indorsed notes for Mr. Jones alone?—A. No; I have not signed or indorsed notes for them.

Q. For whom?—A. For Mr. Jones.

Q. For Jones alone?—A. No, sir.

Q. Have you indorsed or signed notes for Mr. Sinclair alone?—A. I think I have signed. I do not think I have indorsed any. I do not recollect any.

Q. Where you have given them your indorsement or signature, has it been for Jones, Cook & Co., or for Mr. Sinclair?—A. I do not think it has been for Mr. Sinclair. I am not sure.

Q. What is your age?—A. Forty.

Q. What personal ability had you to pay the notes?—A. Well, I do not think I have any.

Q. You have what?—A. I have not any—not for such an amount.

Q. You would not have thought of borrowing on your own credit such sums of money?—A. I do not think I could.

Q. You may state whether you signed a note of \$39,000 which has appeared among the assets of the Maverick Bank?—A. I would presume I did. I can not say.

Q. Do you know for how large an amount at any time you have been responsible for the accommodation of Jones, Cook & Co., or Mr. Sinclair?

The WITNESS. How large a note at any one time?

The CHAIRMAN. How large an amount?

A. I could not tell you.

Q. Have you ever undertaken to keep an account?—A. No, sir; I never paid the slightest attention to it.

Q. You have felt that there was no occasion for you to keep the run of your indebtedness on that account?—A. No, sir; not when they were behind me.

Q. You felt that their credit or the credit of Mr. Sinclair or the collateral which they put up, amply protected you?—A. For any amount I signed for.

Q. Whether you were good or not?—A. Yes, sir; I should not hesitate to sign for them for anything.

Q. Did you become responsible to accommodate Mr. Sinclair upon the following note, \$50,000, payable to Thomas E. Proctor?—A. I can not tell you. I have signed all they have asked me to. I never kept any track of them. I can not tell where they were or how they were situated or whether there was any collateral with them or not.

Q. Do you remember signing notes or indorsing notes to various savings banks upon Boston and Maine stock?—A. Yes, sir.

Q. If your name appears upon eight or ten notes of that kind, you would think there was no doubt you signed them?—A. Not a particle.

The CHAIRMAN. The hearing is adjourned without day.

BOSTON, Mass., *August 30, 1892.*

The subcommittee, consisting of Senator Carlisle, duly appointed, met in private session at 11 o'clock a. m.

TESTIMONY OF FRANK E. SMITH.

Frank E. Smith, being duly sworn, testified as follows:

By Senator CARLISLE:

Q. You will state your age, place of business, and place of residence, if you please.—A. I was born on the 6th of May, 1860; am 32 years old. I reside at present in Jamaica Plain, and am employed with the receiver of the Maverick Bank.

Q. Were you ever employed by the Maverick Bank? If so, state in what capacity.—A. I was employed with the Maverick Bank for something like ten years. I went in there as an errand boy, the lowest position, and I worked up and occupied a great many positions.

Q. Were you ever discount clerk?—A. Yes, sir.

Q. For how long a time; and state as nearly as you can when you began and when you ceased to be discount clerk.—A. I was discount clerk at the time of the failure of the bank. I can not tell you whether it was two or three years that I filled that position. I went in there at the time Mr. Lowell left the bank and Mr. Domet was appointed assistant cashier. I have never looked up the records, but I have thought of it several times since, and I can not say whether it is two or three years.

Q. What were your duties as discount clerk; substantially, I mean?—A. To record the paper which was entered for discount, figure the discount; the ordinary duties of a discount clerk. But at the latter part of my time there I assisted the cashiers more than I attended to the discounting. Mr. Dunbar was appointed my assistant, and he practically attended to discounting the last few months.

Q. Did you have any connection with the making up of the reports to the Comptroller from time to time? If so, what?—A. Yes, sir; I had to make a statement of the condition of the loans when the Comptroller made his calls.

Q. Just state, if you please, how that was done; who would inform you that a report was required, and who, if anybody, would give you directions as to what you were to do in regard to the matter?—A. Sometimes I was informed by the cashier and sometimes by the assistant cashier that the Comptroller had issued a call for a certain date, and my duties, as I was instructed when I first went there, were to make out a statement of the loans, showing the amount of single-name paper, double-name paper, and the collateral paper, and the number of—

Q. Dates and times of payment, etc., I suppose?—A. No, sir; I did not have to render particulars in regard to any notes. It was simply the general statement of the amount loaned.

Q. The purpose of that statement was to show all loans outstanding on the date named in the call from the Comptroller?—A. Yes, sir; the amount of the loans. It was classified into certain classes.

Q. Did you during the whole time that you were there make up those statements, so far as you remember, or did somebody else at some time make them?—A. I think it is most likely that some statements were made by others; I made the most of them.

Q. You would recognize your own handwriting?—A. Certainly.

Q. Did you ever at any time receive any specific instructions as to the manner of making up any particular statement, or did you act, as you state, under your general instructions to make out a list of the loans?—A. I do not recall any specific instructions in any particular case. I had general instructions when I was instructed in my duties as discount clerk.

Q. In making up these statements did you always make a memorandum of the full amount of loans outstanding, showing them exactly as they were shown on your books?—A. Yes, sir.

Q. That was what you attempted to do?—A. That was what I intended to do.

Q. Look at that paper [handing witness paper] and see whether it is one of the statements made by you.—A. (Examining paper.) Yes, sir.

Q. That is of date December 19, 1890?—A. Yes, sir.

Q. When you had made out such a paper as that did you also make any other paper or memorandum to accompany it?—A. Yes, sir; I made a supplementary list of promissors whose loans exceeded the \$40,000 limit.

Q. Look at that paper and see whether that is one made by you.—A. (Examining slip.) Yes, sir.

Q. Headed "Credit, December 19, 1890," it being list of promissors whose loans exceed \$40,000. Is that in your handwriting?—A. Yes, sir.

Q. To whom did you furnish these papers after you made them up?—A. The cashier, Mr. Work.

Q. Look at the list in the lower right-hand corner of the paper first shown you, and you will see that Mr. Potter is set down for \$50,000, which is an overloan, is it not?—A. Yes, sir.

Q. See if it is on the other list?—A. (Examining paper.) No, sir; it is not.

Q. Will you explain why?—A. Simply because it was understood by me that if I should put it on here [indicating] I would be reporting the same loan twice.

Q. That was your understanding?—A. The amount of the directors' loans was called for in a particular place—

Q. In the report?—A. Yes, sir; and in addition to that they wanted a list of the other loans that exceeded the limit.

Q. Did you understand, Mr. Smith, that in the report itself which went to the Comptroller, these loans to the directors did not appear in detail, but merely the aggregate sum was stated?—A. I did not know anything about that, sir. That is as far as my duties or knowledge went in regard to these reports.

Q. Your instructions were just to report on the separate list of overloans the names of others than directors?—A. Yes, sir.

Q. And when you had set down here in detail the names of the directors with the amount of the loan to each, you supposed that was a compliance with your instructions?—A. Yes, sir; it was so far as I was instructed.

Q. Now, Mr. Smith, let me show you another paper. Look at this statement, apparently made by you, of date September 30, 1889, and state whether it was in fact made by you?—A. (Examining statement.) No, sir, that was not made by me. That was made by Mr. Domet. Evidently I made part of that. I should say that that was when I was being instructed in my duties. I think very likely that is the first call, partly made by me and partly by Mr. Domet.

Q. You think probably that was the first one, and that you were

then learning your duties?—A. Yes, sir; either the first one or an early one.

Q. Look at the slip which was found among the papers accompanying that statement, and state in whose handwriting it is.—A. (Examining slip.) That is Mr. Bishop's, the stenographer.

Q. You made neither of these papers in whole?—A. No, sir. I do not know whether or not I made the original from which he copied that.

Q. You made neither of the papers now shown you?—A. No sir. These are my figures here [indicating]. That was one of the early statements, when I was learning my duties.

Q. Here is one dated July 18, 1890, which you will please look at and say whether it was made by you.—A. (Examining statement.) Yes, sir.

Q. It is what we call the explanatory sheet. That was made by you?—A. Yes, sir.

Q. Look at the slip which accompanies it, and say whether that was made by you?—A. (Examining slip.) Yes, sir.

Q. You have already said that you made out a slip containing a correct statement of the overloans as shown by your books?—A. Yes, sir.

Q. Will you just examine that [handing witness paper] and see how many of the names and amounts have been erased?—A. Five have been erased.

Q. Did you erase them?—A. No, sir.

Q. Do you know who did erase them?—A. No, sir.

Q. Were they erased when the paper passed from your hands to Mr. Work?—A. No, sir.

Q. Did you ever see the paper afterwards?—A. No, sir. I have seen it since the failure.

Q. I mean afterwards, and before the report to the Comptroller was made?—A. No, sir.

Q. There seems to be a change here in a loan of \$40,600. Look at it, and say what it first was, and what was written, if anything, in pencil over it. It seems to have been "Jones, Cook & Co."—A. That was written "Jones, Cook & Co." It is a fact that it was the loan of the First National Bank of Galena. It was a loan made on their certificate of deposit for \$40,000, and the \$600 is the interest which that certificate bore, and which was added. The loan at the time it was made, of course, was \$40,000; they received \$40,000; and when they paid the certificate they paid \$40,600, because they paid interest.

Q. Is that your handwriting?—A. (Examining paper.) Yes, sir.

Q. The pencil mark?—A. Where it is crossed out it is not mine.

Q. In the first place you entered "Jones, Cook & Co.?"—A. Yes, sir.

Q. Then you erased that, did you?—A. Yes, sir.

Q. And wrote in pencil what is there?—A. Yes, sir.

Q. That is your handwriting?—A. Yes, sir.

Q. That, therefore, was a correct entry of that loan. You had it down to the wrong parties first. Can you now state that this item "Charles W. Clark, \$45,384.63" was a correct statement as you made it?—A. Yes, sir; that note existed in a loan at the time I made the statement.

Q. State whether you see any erased names there which were not in fact correct at the time you made up the slip.—A. To the best of my knowledge and belief it was correct when I put it on there. I got the figures from the discount books and the notes themselves. In the case of demand loans I referred to the notes themselves, because it was more convenient, but in regard to the time loans I referred to my books.

Q. By whom the changes were made or for what purpose they were made I understand you to say you have no knowledge?—A. I have no knowledge whatever.

Q. You never saw them again after they went out of your hands until after the report was made to the Comptroller?—A. No, sir; I never saw them again until I saw them in the district attorney's office or before the grand jury when they were shown me.

Q. To whom did you deliver all these papers?—A. Mr. Work.

Q. The cashier?—A. Yes, sir.

Q. Now, look at another explanatory sheet, dated October 2, 1890, and say whether it is in your handwriting and was made in the usual way from your books.—A. Yes, sir; it was.

Q. And also at the slip which accompanied it.—A. (Examining slip.) That is also mine.

Q. There seems to be an alteration on the face of it. Will you look at it and explain it, if you can?—A. (Examining slip.) That alteration is not in my figures.

Q. The alteration is from seventy-odd thousand dollars to \$56,508.93. The altered or new figures, you say, are not yours?—A. No, sir.

Q. Do you know whose figures they are?—A. I should not like to swear to them, but I think they are Mr. Kellogg's. That addition is Mr. Kellogg's—the last name.

Q. February 26, 1890, is the date of the next explanatory sheet, which you will also look at and say whether it is in your handwriting and whether it was correct when made.—A. (Examining explanatory sheet.) Yes, sir.

Q. "Yes" as to both questions?—A. Yes, sir.

Q. And also the slip which accompanied it, and state whether that is in your handwriting and whether it was correct when made.—A. (Examining slip.) Yes, sir.

Q. How many names and amounts seem to have been erased after the slip was made?—A. Five.

Q. Do you know anything about who made the erasures?—A. I can not say, but I think it is very likely that I erased the directors' names there myself.

Q. Just name them.—A. Thomas Dana, \$60,369, and J. H. French, \$58,083.33. I have no recollection in regard to the matter.

Q. Can you tell anything about it by the character of the erasures? Sometimes a man can tell his own marks, even.—A. (Examining paper.) No, sir; I can not.

Q. If you erased those names, it was done for the reason you have already stated—that you supposed when they had been put on the large sheet it was unnecessary to put them also on the supplementary list?—A. Yes, sir; that would be the reason. You understand me; this is simply conjecture on my part. I have no recollection whether I did do it or did not, but I think it is very likely I may have done that.

Q. Can you say certainly whether or not you erased any names except those?—A. I know I never erased any other names. I never had instructions to erase a name, and I should not certainly have done it on my own responsibility.

Q. Even if you erased the names of the directors there, it was not because the amounts were incorrect?—A. No, sir.

Q. But because you supposed the other entry was sufficient as to that?—A. Yes, sir. You see the same amounts are entered here [indicating].

Q. I see. I will ask you once for all the question whether, so far as

you know, any of the erasures made upon the slips, other than those which you possibly made yourself, were made because of the incorrectness of the slip.—A. To the best of my knowledge and belief the slip was correct when it left my hands.

Q. The slips were always correct when they left your hands?—A. Yes, sir.

Q. The next explanatory sheet is dated May 4, 1891, and you will answer the same questions as to that, whether it is in your handwriting and whether it is correct. A. (Examining sheet.) Yes, sir; it is.

Q. There seems to be a change in one of the loans to the directors in the lower right-hand corner. Will you state what you know about that?—A. I do not know anything about it; I did not make it.

Q. That change was not made by you?—A. No, sir.

Q. Do you recognize the figures as those of any person connected with the bank?—A. They are not very clearly defined, but they look more like Mr. Kellogg's than those of anybody else.

Q. I show you two slips which accompanied that statement and ask you to state in whose handwriting they are.—A. (Examining slips.) They are in mine, with a few exceptions.

Q. In whose handwriting are the exceptions?—A. Mr. Kellogg's.

Q. One of the slips appears to have been abandoned and some names from it transferred to the other.—A. There is only one name transferred—George Wheatland, jr.

Q. Are there not two—Jordan, Marsh & Co., is not that transferred?—

A. That is transferred in the handwriting of Mr. Kellogg. Those are the only two loans that were preserved on that slip.

Q. You do not know who made those changes?—A. No, sir.

Q. You make the same statement in regard to that that you have in regard to this?—A. Yes, sir.

Q. Explain, if you can, these figures in pencil in different parts of that slip.—A. I made those. As I say, it was my custom in making up the slips to take the demand notes and take the amounts from the notes themselves. These amounts in pencil are the amounts of the demand loans. I put them down in pencil. Then I referred to the time loans, if there was other paper from the same party. Then I put down the total amount. This was only a memorandum list. It was not anything which it was necessary to make out in a neat manner.

Q. It was simply the process by which you arrived at the ultimate amounts?—A. Yes, sir.

Q. The pencil indicating the demand notes and the total indicating both demand and time notes?—A. Yes, sir.

Q. Look at the first and second entries—Jones, Cook & Co., is the first—put down in pencil by you at \$107,000, carried out in ink at \$107,000, and then changed in pencil to \$102,000. Is that your change?—A. I think not; still I could not say. It does not look like my figure. I should not like to swear to it at this time.

Q. Then D. M. Sabin, first in pencil \$157,500, which, as I understand you, indicates his demand loan?—A. Yes, sir.

Q. And then carried out in figures, which includes the time loans also, \$177,848, and then in pencil under the \$177,848, there is \$205,000. Can you explain that?—A. I can not explain it unless I found another note afterwards which brought it up to that amount.

Q. Can you state now which was in fact the correct amount—the hundred and seventy-seven odd thousand dollars or the \$205,000?—A. If I were positive that the \$205,000 were my own figures I should say that that was the correct amount.

Q. What is your opinion as to whether they are or are not your figures?—A. I am very much in doubt. The “2” looks like mine; the “5” does not. I think those figures were made by Mr. Dunbar. May 7, 1891. I had an assistant, you know. I do not know when he commenced his duties. I may have made out this list and given it to him to go over again and verify, and he may have discovered a mistake which I had made. Of course I can not say.

Q. You can not remember now?—A. No, sir.

Q. Those entries on what I will call the discarded slip, W. O. Delano, \$46,532.56; Joseph C. Greeley, \$45,000, E. W. L. Nichols, \$57,000, were loans guaranteed by Thomas Dana, were they?—A. Part of them by Thomas Dana and part of them by Irving A. Evans & Co.

Q. Which were guaranteed by Evans & Co.?—A. Delano and Greeley were guaranteed by Thomas Dana & Co., and Nichols and Ross were guaranteed by Evans & Co.; E. W. Rowe was guaranteed by Thomas Dana & Co. Part of that Delano loan was his own personal loan; part of it was his promise guaranteed by Thomas Dana.

Q. They are all erased and not entered upon the new slip or what appears to be the new slip?—A. No, sir.

Q. July 9, 1891, is the next explanatory sheet, which you will look at and answer the same questions as to your own handwriting and the correctness of the paper.—A. (Examining paper.) That is partly mine and partly Mr. Dunbar's, my assistant.

Q. Down to what point is yours?—A. Mr. Dunbar has made a list of the time loans and all the overdue paper; all the rest of it is mine.

Q. Now, look at this slip, which accompanied it, and say who wrote it and what you know, if anything, about the erasures on it?—A. (Examining slip.) I made the slip. I know nothing whatever about the erasures.

Q. This is dated December 12, 1888. Look at that and say whether it is in your handwriting?—A. (Examining paper.) This is Mr. Dunbar's.

Q. You know nothing about this slip?—A. No, sir.

Q. Did you, while you were discount clerk, always make a slip to accompany this explanatory statement.

The WITNESS. The list of overloans?

Senator CARLISLE. Yes.

A. I always made a list if there were such loans to report.

Q. That was a part of your business. Was there ever a time, while you were discount clerk, so far as you remember, when there were not overloans?—A. I do not recall any time.

Q. Do you know what became of these papers after they left your hands and went to the hands of Mr. Work; that is, who had the custody of them afterwards?—A. I think Mr. Work did. I think he had them in a pigeonhole in his desk.

Q. Do you know whether it was the custom of the bank to retain a copy of the report which was sent to the Comptroller of the Currency?—

A. I presume they kept a duplicate of what they sent to Washington. I do not know.

Q. Here is the bank's retained copy of the report of September 25, 1891. Will you state whether you made a list in the usual way at that time, so far as you remember?

The WITNESS. September 25, 1891.

Senator CARLISLE. Yes; the last report made by the bank.

A. I do not believe I had anything to do with it. I think Mr. Dunbar must have done it.

Q. Were you in the bank at the time?—A. Yes, sir; I was in the

bank up to the time of the failure. But I think at that time Mr. Dunbar was competent to make those himself.

Q. He was your assistant?—A. Yes, sir.

Q. You have no recollection, therefore, now of having made any slip or any explanatory sheet for that report?—A. I have no recollection of having anything whatever to do with this report; but I do not mean to say by that that I did not have. I have no recollection of the matter.

Q. Have you any explanation at all to make in regard to these alterations of these slips and statements; do you know anything whatever about them?—A. I have no knowledge whatever.

Q. When did you first know that such changes had been made in the slips prepared by you?—A. When those slips were shown me by District Attorney Allen.

Q. How were they transmitted to Mr. Work; did you take them in person and lay them on his desk or deliver them to him, or did you send them to him by messenger?—A. I would naturally and to the best of my recollection hand them to him myself. It was very convenient; he was a short distance from me—either put them into his hands or put them on his desk.

Q. Both the explanatory statement and the slip?—A. Yes, sir.

Q. And then your connection with them ceased?—A. Yes, sir. The district attorney asked me all these questions before the grand jury, and that was the first knowledge I had of the changes in those slips.

TESTIMONY OF WILMOT R. EVANS.

WILMOT R. EVANS (who appeared with Hon. P. A. Collins as his counsel) being duly sworn, testified as follows:

By Senator CARLISLE:

Q. Please state your name in full.—A. Wilmot R. Evans.

Q. State also, if you please, your place of residence, place of business, and the character of your business.—A. My residence is Everett; business place, Boston, and nature of business banking.

Q. How long have you been engaged in the banking business, and under what style firm?—A. I have been connected with a national bank for twenty years or over; eighteen years at the National Bank of the Commonwealth of this city, and the balance of the time at the Winthrop National Bank of Boston.

Q. Were you a member of the firm of I. A. Evans & Co.?—A. No, sir; I was not.

Q. Have you any knowledge of any indebtedness upon the part of the firm of I. A. Evans & Co. to the Maverick National Bank and its settlement?—A. I know that there was an indebtedness, and I also know there was a settlement.

Q. Did you have any part in the settlement?—A. Indirectly.

Q. Were you present when such settlement was made?—A. I was.

Q. Can you state to the committee the amount of that indebtedness and how it was secured, if at all?—A. I can not give just the figures. The total amount of the indebtedness was somewhere in the neighborhood of \$600,000.

Q. How was it secured, if at all?—A. The indebtedness was in the shape of notes and an overdraft at the bank, if I remember.

Q. Secured by names of individuals or by collateral?—A. As near as I remember the loans were all secured at the time they were made.

Q. Was not the total indebtedness, including notes indorsed by Irv-

ing A. Evans & Co., about \$641,326.52?—A. I should say it was in that neighborhood. I think the settlement as made shows. I suppose you have those facts.

Q. Did you say you were present when the settlement was made?—A. I was.

Q. Mr. Evans, I will ask you to state, if you can, how that settlement was procured or brought about; on which side did the propositions originate; how was the settlement finally brought about?—A. The final settlement was made in Col. Benton's office, and the arrangements were made by Mr. Potter, as president of the Maverick Bank, and myself the week previous; I will not say the week previous; a few days previous.

Q. What inducements, if any, were offered to Mr. Potter to make this kind of a settlement?—A. At the time the settlement was made there were no inducements.

Q. What before?—A. Previous to making the settlement, a week perhaps—let me see if I can remember just the date—I think about the 13th or 14th of October, I called on Mr. Potter and gave him some information which I thought perhaps I had; I do not know that I gave him any information; I made certain charges. He seemed to take no notice of what I said to him. I think I dropped it that day, and the next day I went in and asked him if it was not possible to make a settlement. He said "No." He said if there were settlements to be made the settlement would have to be made with my brother. I would like to have you understand at this time that I had no authority. It was when I first went in. I had authority later on to make a settlement.

Q. You had no authority?—A. Not from my brother. He said "No;" he would not think of anything without talking with my brother. I told him it would be utterly impossible to see him; he was mentally and physically incapable of making a settlement, and if anything was to be done it would have to be been done through me. He refused to do anything. I think I went out. I had been in communication with my brother. The next day I went in there determined that something should be done. I said to Mr. Potter, "We might as well talk things just as they are. There is a bad account at the office of I. A. Evans & Co." I asked him if he knew anything about it. He said he did not. I said, "There is a bad account at the Maverick Bank; you probably know something about that." He said he did. "Now," said I, "I want to make a settlement. You can have what securities are here; you can have everything he has got, in fact, but if there is any settlement to be made we must do something to-day." He said he did not think he would do it, and in fact I think he put it very forcibly. Then as I went out I said, "Well, if nothing can be done, I give you notice that the concern will have to go into insolvency."

Q. That is, I. A. Evans & Co.?—A. Yes, sir.

Q. The account which you referred to with that firm was the account known as special, No. 2?—A. I did not know just how the account stood.

Q. You knew there was an account there in which you thought at least that Mr. Potter was a party?—A. I was suspicious; I did not know.

Q. That account was behind with the firm?—A. Yes, sir.

Q. Quite a large amount?—A. Yes, sir.

Q. Of course if Mr. Potter was interested in that account he was indebted to the firm?—A. Yes, sir.

Q. That was the situation, Mr. Evans?—A. Yes, sir.

Q. In the settlement, was that account closed? State the facts about

it?—A. No, sir; the only interest I had was to be able to go back and say to my brother, "I have got things fixed up, and I want you to go into business again, and everything will be all right."

Q. Your idea was to restore him to his business?—A. Yes, sir; that is all I cared about. I found that Mr. Potter did not seem at the time to want to do anything.

Q. So you told him that the result of a failure to settle would be to put the firm of I. A. Evans & Co. into insolvency?—A. Yes, sir; I saw that something had to be done, for the reason that they were running behind every day.

Q. The result of that step would have been to have presented at once the question as to Mr. Potter's liability on that account?—A. I do not know anything about that. I felt this, that if he was interested down there—I was not interested—I knew that certain bills had to be paid; in the stock business everything has to be settled every day; if it is not settled it would be a point toward insolvency—

Q. Then upon your final statement to Mr. Potter that the firm of Evans & Co. would have to go into insolvency did he agree to settle?—A. We came to rather an understanding that some arrangement could be made. We did not get down to just the detail of what should be done. I had offered to do everything that could be done so far as collateral and personal securities were concerned.

Q. Had you previous to that time offered to Mr. Potter to surrender all the collaterals and take out the papers?—A. Not until—

Q. When was that offer first made?—A. That offer was made about October 14, I think.

Q. When was it finally accepted?—A. I went a little further than that. I think I offered to give up any interest he might have in that account down there, but he did not acknowledge that at all.

Q. He did not acknowledge that he had any interest in that account?—A. No, sir; he did not.

Q. Did he ever acknowledge that he had any interest in that account?—A. He did not.

Q. When you made your final settlement with the Maverick Bank was anything said about the account down at I. A. Evans & Co.?—A. Nothing said; I think not, unless Col. Benton might have said something; that is at the meeting; I do not remember anything.

Q. Whose attorney was Col. Benton?—A. For the concern.

Q. For I. A. Evans & Co.?—A. Yes, sir.

Q. Just state when the final arrangement was made and how it was made?—A. The final arrangement—the date of the settlement will show. I should say it was Monday or Tuesday.

Q. Had there been any agreement as to details up to that date?—A. The day before; I can not say whether the day before or two days before; after my brother's funeral, one afternoon I received either a telephone or a communication in some way that Mr. Potter would like to see me, and I either appointed a time at the office or he did, so that we met in the private office of I. A. Evans & Co. At that meeting he said he would make a settlement.

Q. Did he give any reason for it?—A. No; he did not; nothing at all. And the arrangements were made in a very short time. He offered to make that settlement that evening.

Q. Did he offer to surrender all the notes and simply take the collaterals?—A. He did.

Q. Releasing all personal liability of everybody?—A. Yes, sir.

Q. That is what was done?—A. Yes, sir.

Q. Did you agree to it when he first made the offer that evening?—
A. As I remember it I said that if there was a settlement to be made I wanted it done properly; I wanted the directors to come together, and I wanted Col. Benton to poll the votes of the directors.

Q. You were unwilling to make a settlement for so large an amount with Mr. Potter alone without the assent of the other directors of the bank?—A. Yes, sir.

Q. Was that consent of the board procured?—A. It was. He brought up the vote of the directors, and he agreed to have them together the next day or the day after, and he brought up the vote, certified to by the clerk of the board.

Q. Have you seen the books of the bank?—A. No, sir.

Q. You know nothing of the character of the entries made upon the books in perfecting the settlement?—A. Only what I read in the report.

Q. You have never seen the books?—A. No, sir.

Q. There seems to be a note of Louis Ross, indorsed by Evans & Co., which does not seem to have been credited upon the books in carrying out the settlement. Do you know any reason for that?—A. I do not know that I quite understand you.

Q. There were certain notes held by the Maverick Bank, some of which were made by Irving A. Evans & Co. and some of which were made by other persons and indorsed by Irving A. Evans & Co., all secured by collateral; and, as I understand you, this settlement was to include the whole liability of I. A. Evans & Co. to the Maverick National Bank. Among the notes which constituted a part of that liability was a note of \$50,000 made by Louis Ross and indorsed by Irving A. Evans & Co. My statement was that no entry appears to have been made upon the books of the Maverick Bank to cancel or credit that note, therefore leaving that note apparently still a liability of Irving A. Evans & Co.; leaving it still among the loans and discounts. Do you know any reason for that?—A. If it was indorsed I think you will find that the indorsement was erased. That was done with some notes of Thomas Dana & Co.

Q. Your explanation of that is that in your opinion that note was still left with the Maverick National Bank, to be held among its loans and discounts, but the indorsement of Irving A. Evans & Co. was erased?—A. That was to be the arrangement.

Q. That note, so far as the liability of Irving A. Evans & Co. is concerned, was included in the settlement, was it not?—A. Yes, sir; it was.

Q. It was not an accommodation note made by Mr. Ross for Evans & Co.?—A. No, sir.

Q. It was an actual transaction between the Maverick Bank and Ross?—A. Between I. A. Evans & Co. and the Maverick Bank. The circumstances were these, as I remember them: Louis Ross was indebted to Evans & Co. for a large amount, and he gave these notes to I. A. Evans & Co. I. A. Evans & Co. took them to the bank and had them discounted.

Q. And I. A. Evans & Co. were willing, if the bank could make anything out of Ross, to have it do so?—A. Yes, sir.

Q. And did not actually take up the note?—A. No, sir. It was not an accommodation note.

Q. Were there any other notes in the same situation?—A. Thomas Dana's notes for \$35,000.

Q. There were some 5 per cent bonds of the United States Book Company which were to be "surrendered to Irving A. Evans & Co. at

any time within four months, upon payment of the amount at which the persons depositing them with said firm may have the right to call for them, if so called for." Do you know anything about what was done about that?—A. I suggested that that be done. The arrangement made was that Evans & Co. should advance forty—that is, loan forty—and they were put in there as collateral. I, to avoid any criminal complications (I knew the transaction), had them make that arrangement so that these bonds would be taken at the same price at which they were hypothecated.

Q. If the parties called for them?—A. Yes, sir.

Q. Do you know anything about an overdraft of \$57,000; that is to say, for what the money was used?—A. I do not know.

Q. You do not know whether that money was drawn from the bank and used in this special account?—A. I do not know.

Q. In which you claim that Mr. Potter was interested?—A. I do not know.

Q. There appears also to have been two unpaid or dishonored checks of I. A. Evans & Co. for \$50,000. Do you know anything about them?—A. I know about the \$40,000 check. I think the \$40,000 check was drawn on us, and they had drawn on us—

Q. When you say "us," give the name?—A. The Winthrop National Bank; and the firm of I. A. Evans & Co. had been in the habit of drawing and depositing certified checks before 1 o'clock. That morning, Monday morning, I had notified I. A. Evans & Co. that I did not care about taking any more of their deposits, and for that reason returned the check and got our money.

Q. In whose favor was that check drawn?—A. The Maverick Bank.

Q. Do you know anything about the other check?—A. I do not. I only know from reading that there was such a check.

Q. The two amounted to \$50,000?—A. Yes, sir.

Q. Do you know anything about the date of that \$40,000 check?—A. I should think it would have been about the 10th.

Q. Of what month?—A. October. I should think about that.

Q. The bank was closed on the 31st of October?—A. Yes, sir; it was thrown out Monday previous to my brother's death.

Q. So that the Maverick Bank had carried these checks as cash during all this time?—A. I did not know about that part of it.

Q. You did not know what arrangement had been made?—A. I did not know what disposition they had made of these checks.

Q. You knew the checks had not been made good up to the time the settlement was made? You knew that they were a part of the liability of I. A. Evans & Co. to the Maverick National Bank?—A. Yes, sir.

Q. Mr. Evans, I believe your bank finally threw out some check of the Maverick National Bank?—A. Yes, sir.

Q. What was the amount of that check?—A. I could not give you the amount.

Q. It has been stated variously from \$10,000 to \$25,000. What is your recollection as to the amount?—A. I could not give you the amount. It was probably for a fair-sized amount, because it was a broker's loan which was to have been paid. These brokers' loans usually run anywhere from \$10,000 to \$30,000 with us.

Q. Will you state the circumstances under which that was done?—A. I gave orders to our cashier not to take any checks of the Maverick National Bank that were to pay loans with us which were secured by collateral; that is, where we were obliged to give up collateral.

Q. As I understand it, you had a loan out which was good?—A. Yes, sir.

Q. If the party offered to pay it—A. I might state right here that it was at a time when I did not know but that the death of my brother might cause an uneasiness and a good deal of money would be drawn on us, and I at once called in a good many brokers' loans; and probably that day if I had taken all the checks that were drawn on the Maverick I should have had about \$40,000.

Q. But you rejected one and then no more were presented?—A. I rejected one, and then as soon as Mr. Potter found it out, I had an interview with him in which he agreed to give me greenbacks for \$40,000, making a deposit with us so as to protect us up to that amount, so that no more checks were refused.

Q. Then during the same day, after having rejected this one check, you paid other checks on the Maverick by reason of the arrangement made with Mr. Potter?—A. Yes, sir. I had an understanding with him. I had nothing in writing; only that he made a verbal statement that the amount of money deposited with us should be used in case his checks were not good.

Q. At the clearing house?—A. In case his checks were not good we could use the amount of money we had there to take care of those checks.

Q. The money was already there?—A. He deposited the \$40,000.

Q. In case it should be thrown out at the clearing house you should use that amount?—A. Yes, sir.

Q. Had you discovered anything in the condition of the Maverick Bank previous to the refusal of that check which caused you to suspect its solvency, or was it thrown out simply for the reason you stated, that you thought you would have a great many checks to pay that day?—A. The school in which I was brought up was rather a conservative one—at the National Bank of the Commonwealth—and the management had not felt very kindly towards Mr. Potter's management.

Q. They thought it was a little reckless, I suppose?—A. I think for a long time they had not any business relations with them, and of course, naturally, that made me suspicious of them. When I went down to the Winthrop Bank from there I immediately stopped dealing with them myself, and we had not any transactions with them for a long time.

Q. They had no account with your bank?—A. None at all. We never loaned them any money but once, and then we got caught; it was an accident.

Q. Had you been in the habit of paying their checks as they came to you or accepting them in payment of obligations due to you from other banks and individuals?—A. We had. There was never a time, however, when I should have had as many checks on them as that day.

Q. Your purpose was to protect yourself against that?—A. Yes, sir.

Q. How long was this before the bank was closed?—A. That was a week, I should think.

Q. About a week?—A. I should think so. It was longer than that; it was more than a week.

Q. Did your action cause the clearing-house committee to take any notice of the condition of the Maverick National Bank or to take any action in regard to it?—A. As I have understood it since, it did.

Q. You made no report to the clearing-house authorities?—A. I might state here the way that came around. After I had seen Mr. Ramsey, our cashier, and given him his orders, I walked down to the office, and from there I walked up Water street, and I thought I would

drop in and see Mr. Newman. I stopped there a minute or two. I told him what I had done. I told him I would like to talk with him. We went from there to the office of the Boston Five Cents Savings Bank, and we were there talking when Mr. Potter came in. Mr. Potter then gave the information of a settlement, which I had not given to anyone, and on that Mr. Newman started right up. He saw there was a big loss somewhere. It was Mr. Potter's own action. I do not think that the action of the bank in throwing out that check—

Q. You think it was Mr. Potter's own action in disclosing the settlement which he had made with Irving A. Evans & Co. which alarmed the clearing-house association?—A. Yes, sir. I told Mr. Potter at the time, "I have not been talking to Mr. Newman about any settlement. I do not know that there is any need of you putting yourself in a position where you perhaps will not want to be." That was before Mr. Newman.

Q. State who Mr. Newman was?—A. He was president of the National Bank of the Commonwealth, of Boston.

Q. His bank is a member of the clearing-house association?—A. Yes, sir; and he was connected with the clearing-house committee.

Q. Recurring to the settlement, were any of the parties on those notes of Irving A. Evans & Co. personally responsible for any considerable amount?

The WITNESS. You mean these collateral notes; these accommodation notes?

Senator CARLISLE. This is the purport of my question: Could the Maverick National Bank have made anything more out of these notes than it did make by accepting the collateral?—A. I should say not.

Q. You think not?—A. I think not.

Q. You think the bank could in fact have realized nothing more without the settlement?—A. I should say not.

Q. Do you know what the collaterals were actually worth at that time?—A. I could not say what they were worth. I might give one figure on them and someone else would give another. The nature of the collaterals was such that the value was changing.

Q. As a banker, did you consider yourself acquainted with the personal responsibility of the parties to these papers so as to say whether they were good or not?

The WITNESS. The notes?

Senator CARLISLE. The notes.

A. I should not say they were not very valuable; mostly of clerks in the office, with the exception of the notes of Ross and of Dana. Those were supposed to have value. They were not accommodation notes.

Q. They were not given up?—A. They were not given up.

Q. As to the responsibility of Irving A. Evans & Co., was that firm responsible; was it able to pay anything?—A. That was a question that we were trying to find out at the time.

Q. Has it been found out?—A. There are several suits pending, and it is a question what they will pay. Under the circumstances I do not think the bank could have done much better. The seats in the stock exchange owned by Irving A. Evans & Co. might have been put in as an asset.

Q. Mr. Evans, do you know any fact of your own personal knowledge going to show that Mr. Potter was a party to, and liable on that account—special account, No. 2—or was it a mere supposition of yours?—A. I do not. I have never been able to find out that he was actually a partner in that account.

Q. Did you find any papers among your brother's assets which would

show whether Mr. Potter was or was not?—A. I did not. The only papers I had were a few checks that were returned to me of his private account, and among them there were one or two checks which were given to Mr. Potter. Mr. Allen saw those checks, and he came to the conclusion that he could not trace anything from them. One was a \$5,000 check.

Q. What was the balance against this account of Irving A. Evans & Co.; do you remember?—A. In the rough, as Mr. Tobey gave me the figures, I think the demand on me was something like \$400,000, that the account was under.

Q. Demand on you?—A. They have made demands on the estate of my deceased brother for about \$400,000.

Q. Was this account in the Maverick Bank largely on account of that matter?—A. If that account had not been under, had been right, surely the deficiency at the bank could have been made good. There are other accounts there.

Q. Where?—A. On the books of I. A. Evans & Co., which if made good would make them perfectly solvent. This was only one account of a number, but it was the largest.

Q. Did Mr. Potter have any interest in any of these accounts?—A. Not to my knowledge. I have never seen the books of Irving A. Evans & Co.

Q. You have a right to see them as executor?—A. I never have. I never had any occasion to see them. I had a transcript of this special account.

Q. Was there anything in that transcript to show that Mr. Potter was connected with it?—A. It was not running back for a term of years or months. I only had it just as the account stood on a certain day; so many shares of stock at so much, which showed a deficiency. There was nothing there to show any connection between Mr. Potter and Mr. Evans.

At 12.30 p. m. the subcommittee adjourned.

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