

# United States Treasury Frauds Exposed.

IN THE SENATE OF THE UNITED STATES.

April 26, 1880.—Ordered to be printed. December 17, 1880.—Ordered to be reprinted.

Mr. DAVIS, of West Virginia, from the Select Committee to Investigate the Finance Reports, Books and Accounts of the Treasury Department, submitted the following report:

(No. 2.—Continued from last week.)

## CHANGES AND ALTERATIONS IN THE PUBLIC DEBT STATEMENT.

The changes and alterations as to the public debt statement inquired into appear by comparison of the finance reports for 1870 and 1871, respectively. On this point Mr. Register Scofield testifies (see page 2 of the testimony):

By the CHAIRMAN:

Q. I hand you the finance report for 1870 and call your attention to page 276, and also the finance report of 1871 and call your attention to page 368, and ask whether those tabulated statements of the public debt were made in the register's office?—A. They purport to have been so made, and I have no doubt they were.

Q. And were officially reported to congress?—A. Yes, sir.

Q. Do they agree as to the amount of the public debt?—A. They do not for some of the years. From 1833 down to 1870, inclusive, I believe, they differ. The tables themselves will show the differences. Prior to 1833 they agree.

Q. Do all the years differ between 1833 and 1870?—A. I think they do.

Q. Can you state why the tables made by the register in 1870 and 1871 differ so largely with each other?—A. In 1870 a tabulated statement of the public debt was made in the secretary's office, as well as in the register's. For the years 1833 to 1870, inclusive, these two tables disagreed very widely in the amount of the debt. They were bound in the same volume, and attention was attracted to the differences. The register, in his report of 1871, adopted, by direction of Mr. Saville, chief clerk, the statement made in the secretary's office for the disagreeing years. And thus occur the disagreements in the register's statements for 1870 and 1871.

In this way the statements of the public debt for each year from 1833 to 1870, both inclusive, as reported officially by the register and secretary of the treasury, in these various years, and embodied in the finance reports submitted to congress and published by its authority, do not agree with the statements of the public debt for the same years as reported since 1871, in the same official manner. These differences involve many millions of dollars and extend over a period of thirty-seven years. The great changes in these statements were made, not by the then incumbent of the office of register of his own volition, but under the written direction of an officer of the treasury representing and speaking for the head of that department.

Mr. Scofield (see testimony, pages 3 and 4) was asked the following questions and made answer, viz:

Q. When does your fiscal year close?—A. June 30, now.

Q. When do you make this statement to congress?—A. It is usually made in October, I think.

Q. Four or five months intervene between the time the fiscal year closes and the time when these statements are made?—A. Yes.

Assistant Register Titcomb agrees with and corroborates this statement (see testimony, pages 19 and 20).

By the CHAIRMAN:

Q. When does the fiscal year of the government end?—A. It ends on the 30th day of June.

Q. When are the reports made to congress?—A. The report is made upon the reassembling of congress at its next session following the close of the fiscal year.

Q. How many months are there between the close of the fiscal year and the completing of the reports to congress?—A. About five months.

Q. Do you know whether the secretary's finance report for the present year is yet in print?—A. It is in print. I hardly think it is out of the hands of the binder, as I have not received any copy, but I have no doubt you can get one if you desire it, without waiting for its being bound.

Q. There are five months, in round numbers, between the closing of the fiscal year and the reporting to congress of any account. Are those five months generally used for the purpose of getting up the accounts and seeing whether there are errors, and getting in statements?—A. The accounts are not settled and allowed until some time after the close of the fiscal year. That time is spent in the settlement of the accounts to a considerable extent. The register is required by the secretary to have his reports ready by the first of November for the printer. There the interval is only four months.

Also former chief of warrant division, Major Power (see testimony, page 72):

Q. When are your reports made to congress?—A. The secretary's reports are placed before congress at the first of the session, the first Monday in December.

Q. When does your fiscal year end?—A. On the 30th of June.

Q. How many months are there between the end of the fiscal year and the submission of the report to congress?—A. Five months.

Mr. Saville, in his testimony, page 218, confirms the above, and says sixty days after the fiscal year closes is time enough to have all the moneys deposited covered in.

The fiscal year ending on the 30th of June, and the reports of the fiscal operations of government not being made to congress till about the first of December, an interval of several months is available, during which time the accounts outstanding at the close of the fiscal year may come in and be adjusted, and it is understood that this interval has been made use of for the purpose of bringing together the various accounts; and surely, when the condition of the treasury at the close of a fiscal year has been reported to congress at its ensuing session in December, the reports thus made, after abundant opportunity to insure their absolute correctness, should not be altered.

## REGISTER ORDERED TO MAKE THE CHANGES.

The circumstances under which the changes in the public debt statement, before referred to, were made, are thus stated by Mr. Register Scofield (see testimony, page 5):

Q. You speak of an order from the secretary to the then register, who, I believe, was Mr. Allison, to make the changes you have referred to in this debt statement. Will you give the committee that order?—A. Yes, sir; this is the original order, and I will hand you a copy.

Q. Read us the original.—A. I will.

"TREASURY DEPARTMENT,  
November 24, 1871.

"SIR: I have to request that the statement of the public debt on the 1st day of January in each of the years from 1791 to 1842, inclusive, and at various dates in subsequent years, to July 1, 1870, as printed on page 276 of the finance report for 1870, may be omitted from your tables in the forthcoming reports, or else that it be corrected to conform to table H on page xxv of the same report for the same year.

"This request is made in consequence of a letter from the assistant secretary of the treasury, now in London, who complains that these different tables are frequently referred to in England, and the discrepancies between them constantly and unfavorably commented upon.

"The table found on page xxv is, I believe, as nearly correct as the examination of the accounts up to the present time will enable it to be made, though I am under the impression there will be some changes necessary in order to make it absolutely reliable. Very respectfully,

"HON. JOHN ALLISON, J. H. SAVILLE,  
Register of the Treasury. Chief Clerk.

This letter is endorsed "Secretary of the Treasury; chief clerk; 24,171. Asks statement of the public debt may be made to correspond with statement made in secretary's office. Memorandum. As published for the fiscal year ending June 30, 1871, the statement is the same as the secretary's."

I believe that endorsement is in Mr. Allison's handwriting. Now, if you will take the report made by the secretary's office in 1871, and that made by the register in 1871, in accordance with that order, you will find that they are alike, and they have continued from that time to this to be alike or very nearly alike. I think there is a few hundred dollars discrepancy this year, and was last year.

Q. That is, the register's report to congress after 1870 was made in accordance with directions from the secretary's office?—A. Yes, sir; I understand that the register made no changes in his books, but adopted the report made by the secretary down to that date.

Assistant Register Titcomb thus speaks of the matter (see testimony, page 13):

Q. Were the changes made by the register willingly, or do you know whether they were under protest?—A. The changes, as they affected the statements of former years, were, as I understand, protested against. I hardly know that I should state that there was a protest. It was, in the judgment of the late register, unnecessary to make the changes. I know that Mr. Allison expressed the opinion officially to the secretary that, in his judgment, it was not advisable to make any change in regard to the statements of former years under former administrations.

By Mr. ALLISON:

Q. Was this official advice of the register to the secretary in writing, do you remember, or was it simply an oral or verbal statement to you?—A. It was a verbal statement.

Q. In your presence?—A. Yes, sir.

Maj. J. T. Power, who was in the register's office from 1869 to 1875, and is now chief clerk of the treasury department, and formerly was chief of the division of warrants, estimates and appropriations, gives this account of the same matter (see testimony, page 65):

Q. Do you know whether a letter was sent from the secretary's office to the register in 1870 directing the register to change or alter the public debt statement?—A. I remember such a letter. It came to the register and was by him handed to me, and I passed it to the chief of the division in charge of the statements referred to in the letter.

Q. Do you know whether the register thought it or not a proper thing to do to carry out the instructions of the letter?—A. The register objected very strongly to the change suggested in the letter, and my recollection is that he presented his objections to the secretary.

Q. In person or writing?—A. In person.

Q. Do you recollect the result of the objections?—A. I only know what Mr. Allison, the register, stated as the result at the time.

Q. Now tell us what Mr. Allison stated to you at the time as having taken place between him and the secretary.—A. My recollection is that about this time the subject of the change in the manner of stating these accounts was before the department, and whether immediately before or after the receipt of this order Mr. Allison communicated to me the fact that he had had an interview with the secretary, and had given his views that these changes should not be made.

MR. DAWES. I object to any statement by the witness of what Mr. Allison told him as having transpired between Mr. Allison and the secretary.

The letter of November 24, 1871, produced by Register Scofield, is an official order of the secretary of the treasury, through the chief clerk, to Register Allison, to make certain changes or else omit from his next official report to congress the tabular statement of the public debt which had been regularly made by the register and officially reported to congress annually by him from the very foundation of the government. The then register, Mr. John Allison, obeyed the order of the secretary, as is established by the citations already made from the testimony of Messrs. Scofield, Titcomb and Power.

During the examination of Register Scofield, the following questions were asked and answers given (see testimony, page 9):

By Mr. BRICK:

Q. The constitution of the United States, in the 7th clause of section 9, article 1, provides that "no money shall be drawn from the treasury but in consequence of appropriations made by law; and a regular statement and account of the receipts and expenditures of all public money shall be published from time to time;" and section 313 of the revised statutes of the United States makes it the duty of the register "to keep all accounts of the receipts and expenditures of the public money, and of all debts due to or from the United States." Now, please state by what authority, if any, the secretary or his chief clerk, or anybody else, could direct the register either to change his report or conform them to any view that the secretary or any one else might have as to the proper mode of keeping and publishing them.—A. I suppose the secretary has authority to prescribe the manner in which the accounts shall be kept, but I do not suppose that any secretary has any right to alter the books of the treasury, and I have always understood that that was never done.

Q. Admitting that the secretary had the right to prescribe rules for the future action of the register, had he any sort of authority to give orders as to how past events should be stated, or past records changed after they had been published and submitted to congress under the constitutional requirement?—A. I think that would be a question which your committee ought to answer in your report.

By the CHAIRMAN:

Q. Are you not as register the official book-keeper of the government, and final custodian of all warrants and vouchers, whatever may have been paid for any expenditure or receipt of the government?—A. Yes, sir.

Q. Can any money be received into or paid out of the treasury without a warrant going through your office?—A. Moneys are received into the treasury by warrants and paid out on warrants, which by the act of 1789, Rev. Stat., Sec. 306, must