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CAPITAL TOPICS.

THE SUTLERSHIPS OF THE WEST

GEN. CUSTER ON THE STAND

WHAT HE KNOWS ABOUT THE CROOKED

HE MELTS GENERAL EPPA HUNTON

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AN ILLUSTRATIVE STORY ABOUT CORN

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THE REDUCTION OF ARMY PAY

CLAIMING THE BOTANICAL GARDEN

The Deficiencies for the Fiscal Year

Post Tradorships.

The Committee on Expenditures in the War Department—Messrs. Clymer, Blackburn and Robbins present—met yesterday, and called Gen. George A. Custer to the stand. Witness has been in command of Fort Abraham Lincoln, Dakota Territory, for the past three years. When he went there the post trader at the Fort was S. A. Dickey; at Fort Rice, Wm. Harmon; at Fort Sully, George H. Durfee. Witness was notified by the Secretary of War, through official channels, that Dickey had violated the revenue laws, and that his partner, Robert Wilson, was driven away from Fort Riley for disloyalty. Witness investigated the matter himself, and furnished proof to show, upon the authority of the revenue officers, that Dickey had not violated the revenue laws, and that Wilson was thoroughly loyal; but in transmitting the report to the Secretary of War he charged that Dickey was not a fit man to be post trader there, because he was a hard drinker and demoralized the young officers by encouraging them to spend their time in the sutler store drinking whisky.

The Secretary answered this by removing Dickey and Wilson, and appointed Robert O. Sipe, to take effect July 1, 1874. Afterwards the Secretary of War sent a letter to General Sherridan complaining that Wilson, Dickey's partner, wrote a letter to a man named Leighton, and published in the newspapers, in which he was satisfied that the Secretary of War was personally interested in the firm of which Sipe was a member. The Secretary said he did not care for such publications, only that it did not do the cause of the officers and people on the frontier might believe the charges to be true. Sipe complained to witness that his privileges as a trader were violated by the action of the garrison. Captain J. S. Hold, of the garrison, bought some goods twenty miles from Fort Lincoln at half the rates charged by Sipe, and allowed the officers and soldiers to take them at cost. Sipe

THREATENED THE OFFICERS

of the post with removal, claiming that he had enough influence with the Secretary of War to do it. He protested against the sale of the regular commissary stores to officers. Finally an order was sent from the Secretary of War prohibiting everybody but the post trader from trading on military reservations. The letter went on to say that the law in this respect was explicit and plain. This order prohibited the officers and soldiers from purchasing anything outside, and compelled them to pay Sipe's exorbitant prices. Sipe even stopped the officers' wagons on their way to the fort to examine whether any supplies were in them. Witness said the Secretary of War when he was out there last fall that Sipe was holding a whip over the officers' heads at the post, but obtained no reply.

A man named Thum, from up the river, says: Corn was delivered at one Indian post, and after receipts were given it was carted to another post, thus selling the same corn to the Government twice.

Thum says he gave affidavits of frauds on the Indians in which Leighton and Grant were concerned. Witness said he had

ILLUSTRATIVE STORY

that 9,000 bushels of corn were delivered at Fort Lincoln under various suspicious circumstances, such as to lead him to believe that there was fraud in the premises. He reported his belief to the Secretary of War through the regular channels, and the Secretary of War sent word back that he must receive the corn in such sacks as were presented, and he had to pay for the corn. They were marked "Ind. Department." Meaning that they were intended for the Indian Department, and that they were not for the War Department. He believed that this corn was paid for twice. He was satisfied that Sipe was found at the bottom of the bill of the contractor of $50 to a sergeant who weighed it.

It was reweighed and found about twelve to fifteen pounds short in each sack. This was in September, 1873. Sipe acted as a contractor's agent. The excuse was that corn had been delivered to the Indians at Fort Peck, and that there were 5,000 bushels in the Government bin in a curious circumstance. He said he wished the committee to understand that a fast horse could catch a steamer sailing up the Missouri river after it had started. A steamer was then running under contract, carrying supplies to an Indian agent, passing up the Missouri river last fall, sold flour. A man bought eight sacks and found them marked with the brand of the Indian Department. Raymond, an Indian agent at Fort Berthold,

SENT WORD, ON HORSEBACK,

that there would be an investigation; headed the steamer off; the flour was sent back, reclaimed and taken off on the steamer.

Witness knew of a citizen of Bismark receiving a letter from an army officer asking him to expose the condition of things there. Wilson forwarded a statement to the Secretary of War calling his attention to these things. Gen. Sherridan and Gen. Grierson forwarded implicating letters, also,

FROM FORT SILL.

Gen. Hedrick, an internal revenue collector, seemed to know of these things.

Q. Do you know that Gen. Hedrick was an internal revenue collector? A. Yes; internal revenue and external both.

In that country it was impossible to

KEEP SENTRIES ON ALL NIGHT,

because it was too cold. It was found that the Government lost large quantities of grain and flour by the taking off of sacks and sacks at a time. Post traders took it and put it in their store. It was hard to tell how it escaped until somebody in the ring told. A soldier confessed that he had got about half the value of each sack. Several prominent citizens of Bismark were caught stealing it, and are now in the penitentiary.

POCKETED THE PROFITS HIMSELF.

J. H. Pratt, post-trader at Fort Randall, was the next witness. His testimony was to the effect that Senator Chandler, of Michigan, got his position, and that he knew no lobbyist; never paid a cent to anybody for getting the place, and pocketed the profits himself.

Emma Mine.

Ex-Minister Schenck again appeared before the Committee on Foreign Affairs to-day. He made a personal explanation as to certain publications in the newspapers concerning him, showing that he was not recalled as Minister to England at the request of the British Government, and he alluded to the writ served upon him just previous to his leaving London to meet a pending suit, and the following note in the evening paper:

19 LINCOLN'S INN FIELDS, LONDON, W. C., March 6, 1876.

SIR: The writ issued by us was served upon you under the impression that you had resigned your post as Ambassador here. We beg sincerely to apologize for the mistake so made, and beg that you will consider the proceedings so commenced abandoned.

Yours obediently, VALPY D. CHAPLIN.
His Excellency Gen. Schenck, Washington, U. S. A.

Mr. Monroe remarked to Mr. Schenck that it had been said he had left England without taking leave of the Queen.

Mr. Schenck replied that he came here on leave of absence; but not knowing his status, he did not know whether he would return to London. The usual note was sent to Lord Derby, stating that as he was leaving suddenly he was not able to pay his personal respects, and that he had left the legation in charge of Colonel Hoffman. It was usual that the resignation of a Minister took effect on the

APPOINTMENT OF HIS SUCCESSOR,

and as a successor had not yet been appointed, he supposed he was still Minister, but on leave of absence. He left London for Washington for the sole purpose of appearing before the committee.

Mr. Hewett then interrogated the witness, who said he had had no inducement to subscribe to the Emma mine stock except for what appeared in the exhibits and representations concerning the value of the mine. He was asked whether the giving him two per cent. a month on his ten thousand pounds invested was not equivalent to twenty-four per cent. a year as a bonus. Schenck said he understood the company would divide that much. Parke said the stock was a good thing and the stock would pay such a dividend. Schenck never communicated to the company or the directors the fact that he had such a contract with Parke. He never asked to become a director subsequent to the date of his contract with Parke. When he said he paid dollar for dollar he meant that he had given his note to Parke, which created a debt. The guarantee given him of two per cent. a month was before the organization. After the organization a declaration of

AMOUNT OF DIVIDENDS

was made, namely, one and a half per cent., and Schenck modified his contract with Parke accordingly.

The examination yesterday and to-day developed the fact that Schenck's note to Parke was for £10,000 for his five hundred shares of stock, on which Schenck paid, first, £500 cash, then £1,894, this being his interest in the sale of some Emma Mine stocks; then a further credit of £2,500 in December, 1871. This £2,500 consisted of £500 cash, which had been given by Schenck to Parke just before the latter left London. Schenck heard that a credit had subsequently been given to him of £2,000 apart from this £500 cash, and he wrote to Parke in May, 1873, to know what were the credits on the note, and ascertained by letter, which was produced, that the last credit on the note was £2,500. This, in the final settlement in May, 1874, was explained by Parke as including with the £500 cash paid by Schenck as Parke was leaving London, £2,000 which had been erroneously received by Albert Grant as commissions on the five hundred shares sold not by Grant but by Parke to Schenck, and which Parke insisted Schenck was entitled to receive. At the settlement, after the calculation of all interest, there was found due from Schenck to Parke an amount equal in American money to $33,700. Parke insisted on allowing to Schenck a balance of over £6 0 0, as shown by the books of his bookkeeper, Gager, to be due to Schenck as interest to which he was entitled in the purchase and sale of stocks. Schenck says he

REFUSED TO RECEIVE ANY SUCH CREDIT,

and insisted on paying or settling in some way as best he could out of his means the balance of the note. This was done by a payment of about $1,700 in cash and by turning over to Parke certificates of paid up bonds of the Vermilion Coal Company, of Illinois; the National Insurance, of Washington, and in other companies, to the amount of $32,000, and a promissory note of M. Woodhull for $1,000 more, with the right to redeem the stock in four years.

Mr. Schenck, during the examination, denying statements of James E. Lyon, whom he had seen but once, produced a manuscript following letter, addressed to him, dated London, March 3, 1876, by Harry Brett:

"YOUR EXCELLENCY: It happens by the reports in the public newspapers that James E. Lyon, of Wisconsin, now transacting business at New York, has been giving evidence against you. In 1874 one James Elias Lyon, then residing at the Langham hotel, London, was adjudicated a bankrupt. He appears to have been in the enjoyment of plenty of ready cash, and to have dabbled freely in Stock Exchange transactions, and the claims against him were principally against his estate amount to between £4,000 and £5,000. James Elias Lyon, the bankrupt, absconded from England, as I am informed, first to Paris and subsequently to Brussels, and I believe he has lost right of. He has filed no statement of affairs, neither has he surrendered to his bankruptcy. He is also reported to have been connected with some American mining operations in London. His adjudication only took place after a very long delay, he having kept his creditors at arms length as long as possible. As one of the creditors of the bankrupt, I am very desirous of ascertaining the present whereabouts of the bankrupt, and whether he is identical with the James E. Lyon of Wisconsin, and I may be able to secure some assistance in return for any kind of information which you may be in a position to give me."

The committee then adjourned until to-morrow morning.

Claiming the Botanical Garden.

Mr. Douglas, of Virginia, presented in the House yesterday the memorial of A. C. Carroll and Maria C. Fitzhugh, who represent that they are the children and heirs at law of Charles Carroll, of Duddington, who on January 29, 1791, and before that time, was the owner of land in what is now the city of Washington, bounded by Maryland avenue, Second street west, B street and Canal street, and containing 25,026 square feet, and which is now a part of the Botanical garden grounds in Washington; that by purchase from other heirs the petitioners became sole owners of the said property; that they used it as a pasture until 1850 or 1850, and had a substantial fence erected around it; that in 1861 the greater part of the fence was stolen or destroyed; that subsequently the land was seized, as petitioners are informed, by one W. R. Smith, and that it has been used since by the United States as part of the Botanical garden grounds. The petitioners ask to be reimbursed for the taking of the ground, which they value at $1.50 per square foot, and also ask that they be paid for the fence. The petition was referred to the Committee on Public Buildings and Grounds.

Reduction of Army Pay.

The bill introduced in the House on Thursday last to reduce the pay and allowance of army officers was rushed through the House yesterday by a vote of 141 to 61, all of those voting in the negative being Republicans. The bill fixes the pay of officers on and after July 1, 1876, as follows per annum: General, $10,000; lieutenant general, $8,000; major general, $6,000; brigadier general, $5,000; colonel, $3,500; lieutenant colonel, $3,000; major, $2,500; captain, (mounted,) $2 000; captain, (not mounted,) $1,800; adjutant, $1,800; regimental quartermaster, $1 800; first lieutenant, (mounted,) $1,600; not mounted, $1,500; second lieutenant, (mounted,) $1,500; not mounted, $1,400: *Provided*, That for the first four years' service second lieutenants (mounted) shall receive $1,200 a year, and for the next succeeding four years, Chaplain, $1,200; ordnance storekeeper at Springfield armory, $2,000; all other storekeepers, $2,000.

Price of Printing.

At the night session of the House last night Mr. Stevenson introduced a bill, which was referred to the District Committee, regulating the price of legal advertising in the District of Columbia, which limits the charge for advertising in any suit in law or equity, or under the terms of any mortgage or deed of trust, to ten cents a line for the first insertion, and seven cents for each subsequent insertion.

Section two authorizes the judges of the Supreme Court of the District, or a majority of said judges, to designate from time to time, one or two newspapers published in the District, for a time limited, unless sooner revoked, as official, to do all the advertising of the class designated, provided no such official designation shall be made until the proprietor agrees to charge no more than the rates herein specified.

AMUSEMENTS.

Tallmadge Hall—A. P. Burbank.

To-morrow (Friday) evening Mr. A. P. Burbank gives an entertainment at Tallmadge hall for the benefit of the Washington Monument. As Mr. Burbank is new to Washington, we present the following introduction from the Chicago *Tribune* of November 11, 1875:

"Mr. A. P. Burbank, of Chicago, gave a dramatic entertainment last night at the Association hall. It is suitably described as thoroughly delightful. It was not ambitious, nor stilted, nor of the conventional order. It was fresh and bright and natural. Mr. Burbank has a strong, flexible, sympathetic voice, equal to drollery and to pain, an expressive face and a sensitive, nervous organization, which obeys his mind and feelings. He glides easily into character, displays control of himself and the resources of his art, commands laughter and tears, and manifests a nature full of sensibility, good sense, cheerfulness and hopeful philosophy. His limitations keep him in the domain of the domestic experience of mankind—its joys, griefs and everyday trials and incidents. He steers clear of the 'Bridge of Sighs' and reads not either 'The Raven,' 'The Ancient Mariner' or 'The Trial Scene from the Merchant of Venice'—which is a great comfort, and equally creditable to his humanity and his sense. He was particularly felicitous last night in 'Surly Tim's Trouble,' 'The Dutchman's Baby' and 'Brudder Anderson.' He did not adhere closely to the printed programme, but excused himself with liberal energy to please his auditors, and succeeded in touching their hearts and bringing the light of laughter into their faces. Reading is usually a nuisance. Mr. Burbank makes it pleasant and a delight—partly because he is a homely way, an artist, but more because he had natural qualifications for the avocation of the comedian. The house was densely crowded in every part."

This entertainment appeals directly to the pride of all Washingtonians, and it is given under happy and influential auspices. Apart from its merit and beauty, it is a pleasure to be afforded, a noble object is in view. The tickets are only 50 cents, and no extra charge for reserved seats.

Miss Story's Readings.

Prominent among the amusements announced for this evening is the entertainment to be given at Willard hall. Those of our readers who remember the enthusiastic greeting which Miss Story received at a similar entertainment last season will endeavor to be present this evening. This lady has always cheerfully responded to solicitations in behalf of charitable interests, and whenever she has appeared in public she has been received with special favor and with high commendations of the press. The programme printed elsewhere shows that her selections for this evening give ample scope for the exercise of her versatile talent. The courtship scene from "Henry V" commands for its proper rendering the highest dramatic art. Even in this difficult reading, without stage appliances, we are satisfied Miss Story will acquit herself creditably. Miss Story will be assisted by the some of the best amateur talent in the city. Miss Lois Mygatt, the favorite soprano, is to give two choice songs. Mr. Walter Paris, Prof. Anton Gloetzner, Mr. Samuel G. Young and Mr. Henry Eberbach, all well-known and accomplished musicians, are announced to take part in the entertainment. The tickets are for sale at Solomons & Chapman's and at Thompson's drug store.

Palmoni on Centennials.

This evening, at Tallmadge hall, that distinguished young orator, Crypti Palmoni, will deliver his celebrated lecture on "The Centennials: Their Shapes and Shadows," and doubtless the hall will be filled to greet him on his first appearance in this city, after his great success in New York. Mr. Palmoni has a powerful and finely-cultured voice, and his manner is graceful and dignified.

Theatre Comique—Friday Night.

Friday evening is set apart at the Theatre Comique for the benefit extended by Manager Rogers to the needy ladies of the Bureau of Engraving and Printing. Mr. Rogers has the co-operation of Dr. Keene, health officer of the District, and the affair will be made a great success.

And After This, What?

WASHINGTON, D. C., Nov. 29, 1876.

To the Editor of the National Republican:

SIR: I beg leave to say through the columns of your paper that the statement of General George A. Custer before the Committee on Expenditures in the War Department, as reported in the *Evening Star* of this date, to the effect that I received five thousand dollars, or any other sum, from the post tradership at Fort Lincoln, is a lie. E. H. RICE.

SECRETARY ROBESON.

THE SO-CALLED REAL ESTATE POOL

QUESTIONS OF THE SPECIAL COMMITTEE

ANSWERS OF THE NAVAL SECRETARY

JAY COOKE, M'CULLOCH & CO.

THE GOVERNMENT SECURED FROM LOSS

Vindication of the Secretary of the Navy

The correspondence printed below comprises the entire history of the connection of the Navy Department with the firm of Jay Cooke, McCulloch & Co., of London, upon which the pretended interest of Government in the so-called real estate pool is based, and which the special committee of the House of which Mr. Glover is chairman was raised to investigate:

HOUSE OF REPRESENTATIVES, WASHINGTON, D. C., Feb. 28, 1876.

To the Honorable the Secretary of the Navy of the United States:

You will please answer the following interrogatories for the information of the select committee recently constituted by the House of Representatives of the United States, of which the undersigned is chairman:

1. Whether as Secretary of the Navy of the United States you have not received from the firm of Jay Cooke, McCulloch & Co., of London, England, the following claims proven by said firm of Jay Cooke, McCulloch & Co. adjudicated bankrupts in the District Court of the United States for the Eastern district of Pennsylvania, to wit: First, a claim amounting to (currency,) $45,252 75; second, a claim amounting to (currency) $30,225; third, a claim amounting to (currency,) $1,462,831 11; fourth, a claim amounting to (currency,) $125 220.40; and also a claim known as the Syndicate claim, not mentioned in said interrogatory, but amounting in currency to $144,276.15, so that all of these claims amounted in currency to the sum of $1,709,906 41. They are the claims proved by the firm of Jay Cooke, McCulloch & Co., of London, England, which said firm has not, to my knowledge, been adjudicated bankrupts in any court, against the firm of Jay Cooke & Co., which said last-named firm has been adjudicated bankrupts by the United States District Court for the Eastern district of Pennsylvania.

Second. I hold these claims *inter alia* as collateral security to secure the balance of what is called the foreign account of the Navy Department, kept with the said firm of Jay Cooke, McCulloch & Co., of London, as the bankers and fiscal agents of the Navy Department abroad to meet the drafts drawn by the navy paymasters in all parts of the world, and to pay the expenses of our fleets on foreign stations. I cannot fix absolutely, without further information, above alluded to, but not in my possession, the exact balance or indebtedness to secure which this collateral was taken out, but I think I am safe in saying that it exceeded £150,000, or $900,000. It has varied much since, and has been at one time considerably larger than the sum above mentioned, and, though it has been largely reduced by payments and sales of collaterals other than those mentioned, it is safe to say that the amounts, after deducting the sums to be received from the sale of the collaterals in actual progress, to more than £120,000, or $600,000.

Third. I hold also the following additional collateral securities for the indebtedness of the said firm of Jay Cooke, McCulloch & Co.: First. A decree in the Circuit Court of the United States for the Eastern district of Pennsylvania, amounting, on the 18th day of March, 1875, to the sum of $789,208.53, which said decree had been affirmed by the judgment and decision of the Supreme Court of the United States, and is entitled to priority over all other claims of all other creditors of the bankrupt partners of the firm of Jay Cooke, McCulloch & Co. Upon this there has been paid the sum of $273,201.28, leaving a balance of $516,007 25. Second. The amount of the net receipts for about 11,000 tons of English railroad iron, the iron being in bonded warehouses in New York, New Orleans, Buffalo and Duluth, with one lot of about 1,000 tons at Port Huron. An original bond of the firm for $100,000, with securities approved according to law. Fourth. Four hundred $1,000 bonds of the Indiana Central and Illinois Central Railroad Company. Fifth. One hundred and forty-five $1,000 bonds of the St. Joe and Denver Railroad Company. Sixth. Assignment of the private estate of Hugh McCulloch in this country, valued at $150,000.

I have never been divested of any collateral held by me as security for said original indebtedness by any person or judicial tribunal, but some of the collaterals other than those above mentioned have been paid off and the proceeds credited on the account, and some railroad iron other than that above mentioned has been sold by the agents of the said firm with the assent of the Government, the proceeds being received by the Government and credited on the account as aforesaid.

The said firm of Jay Cooke, McCulloch & Co. are no longer my fiscal agents of the Navy Department, but they have gone into liquidation, under the English law, on account of the bankruptcy of some of their partners in this country, and their indebtedness, which is in progress of settlement, has been delayed only by the complication of their accounts with those of the bankrupt firm of Jay Cooke & Co.

I expect to be able to answer more specifically upon some of the points above mentioned in a few days, and also at the same time to answer the remainder of the interrogations, but I send this much without waiting for the precise information necessary to enable me to answer these and other questions upon the same subject, with the idea that I may thus avoid delaying in any way the progress of your investigation.

I am, very respectfully, yours,
GEORGE M. ROBESON,
Secretary of the Navy.

ANOTHER LETTER FROM THE SECRETARY.

NAVY DEPARTMENT, WASHINGTON, D. C., March 23, 1876.

SIR: Referring to my letter of the 10th instant, and in further and more particular response to the interrogatories of yours of the 28th ultimo, I beg to say that the claims against the firm of Jay Cooke & Co., in your said letter mentioned, were assigned to me by Jay Cooke, McCulloch & Co. as collateral security to secure the Government from loss on what is called the "foreign account" of the navy, which has been kept in London since the year 1815, and which was, at the time of such assignment, kept with the firm of Jay Cooke, McCulloch & Co., under the following circumstances:

Previous to May, 1871, the said foreign account of the navy was kept with the house of Baring Brothers & Co., who were before that time the bankers or fiscal agents of said account, under an appointment as "temporary special agents, to accept and pay drafts drawn abroad upon them by the Navy Department or on account of the Department by its officers or other persons properly authorized for that purpose." In the said month of May, 1871, the said firm of Jay Cooke, McCulloch & Co. were appointed as such "temporary special agents" as aforesaid for the reasons and purposes, and on the terms and conditions set forth in the letter of the Department dated May 10, 1871, to Messrs. Baring Brothers & Co., and the letter of appointment and agreement to and with the said firm of Jay Cooke, McCulloch & Co., dated May 1, 1871, a copy of which said letters, and a copy of the reply to and acceptance of said appointment by Messrs. Jay Cooke, McCulloch & Co., dated May 4, 1871, are herewith inclosed, marked respectively "A," "B" and "C," (the said appointment and agreement being the same in all respects as had been previously made, and existed with Messrs. Baring Brothers & Co., the previous "temporary special agents" of the Department, except that Messrs. Jay Cooke, McCulloch & Co. were required to give bond, with approved security, in the sum of $100,000, which they did, instead of $30,000, which was the sum previously required of and given by Messrs. Baring Brothers & Co.) Under, and in pursuance of said appointment and agreement, deposits were made in the usual course from time to time in maintenance and continuance of the said "foreign account" of the navy, kept as before said, since 1815, in London, as the money centre of the world, for the purpose of meeting and paying the drafts of navy paymasters in all parts of the world for the maintenance of our fleets abroad, for the reason that the expenses of our ships on foreign stations can be much more safely, conveniently and economically met by drafts drawn upon bankers established at the money centre, with correspondents in every commercial city of the world, than by carrying the coin of different nationalities large and uncertain amounts on our ships, or by any other means at the command of the Department.

The amounts and dates of the various deposits made in maintenance of the account, from the 1st day of March, 1871, to the 1st day of July, 1873, including all those made with Messrs. Baring Brothers & Co., as well as those made with Messrs. Jay Cooke, McCulloch & Co., are shown in the statement herewith inclosed, marked "D."

After the failure of the firm of Jay Cooke & Co. the correspondents of Jay Cooke, McCulloch & Co. in this country, through whom the continued firm continued to pay, as our agents, the navy drafts drawn upon them in regular course, the Department was not willing, in the disturbed condition of financial matters, to continue the said account without additional security, which was accordingly demanded and given before the Department would agree to continue the same. The additional security received to protect the said account consisted of about 8,045 tons of railroad iron, stored in the bonded warehouses of the Government, and its bonds of various railroad companies, amounting in all to the sum of about $600,000, held as collateral security for said account, (the Government to receive the proceeds of any payment or sales.)

The regular time for the remittance to the said foreign account, in usual course, came about the 1st of October, 1873, and the Department was then applied to by the representatives of said firm to allow the usual remittance to be declined to do so at that time, though our navy drafts were still paid in due course by said firm, as our agents as aforesaid.

About the middle of said month of October, 1873, however, it became necessary either to make new remittances to said account, or to allow our agents to stop the payment of our drafts. Consultation with the Secretary of the Treasury and the President upon the subject, and, in consideration, not only of the fact that any difficulty in the payment of our navy drafts, which then were and now are being drawn by our paymasters abroad upon said firm as our regular agents, and which were out in all parts of the world, would greatly inconvenience and increase the cost of our naval service abroad, but also of the fact that any discredit of the said firm of Jay Cooke, McCulloch & Co. which would revert from the stopping and withdrawal of its business would be felt at home, and be an injurious effect upon the operations of our Government, which was then carrying on large and important financial transactions with an association of bankers at the head of which was the said firm of Jay Cooke, McCulloch & Co. were members, in placing the new Government loan, it was determined to be wise public policy to continue said account, provided the Navy Department could receive additional security to insure the Government against probable loss.

In pursuance of such determination, the Department received from the said firm, for the said account, and all remittances made thereto, and received a further transfer of railroad iron stored in the Government warehouse to the amount of about ten thousand tons of new rails and four thousand eight hundred tons of old rails, making the whole amount of railroad iron held by the Department as collateral for said account more than twenty-three thousand tons and also notes and credits to the amount of about $200,000, all of which has since been paid, and an assignment of the private estate of Hugh McCulloch in this country, valued at $150,000; and also a second claim against the said firm of Jay Cooke, McCulloch & Co. against the firm of Jay Cooke & Co., mentioned in your first interrogatory, together with a claim not mentioned therein, amounting in the aggregate to $144,276.15.

In consideration of the facts already stated and the receipt of the securities mentioned, and in consideration of the fact that the Government had, and the law of the United States, a right of priority of payment against the private estates of all the partners of the said firm of Jay Cooke, McCulloch & Co. for the full amount of their indebtedness, this claim of priority of payment has since been affirmed by the judgment and decree of the Supreme Court of the United States, and binds property valued at more than three times the amount of the indebtedness, further deposits were made in continuation of said foreign navy account during the said month of October and the following month of November amounting to £219,109, 11s, 11d, or ten hundred and sixty-six thousand seven hundred and thirty-four dollars and eighty-three cents. Said deposits were made with the said firm, as my agents, by the Master General of the navy, who was then in London, and supplied with money for the purpose of protecting the Government.

The said firm of Jay Cooke, McCulloch & Co. continued to pay the navy drafts in regular course, but were finally obliged, under the operation of the English law, to go into liquidation, when the creditors were called together to formally adjudicated bankrupts, and the final settlement of their accounts with this Department has since been delayed by the complication of their affairs with those of the firm of Jay Cooke, which, besides injuring their credit and locking up their capital and assets, has rendered it necessary to introduce all the questions in which the bankrupts were interested into the consideration and adjudication of the United States courts.

Since the said bankruptcy no further remittances have been made to them, nor any other transfer of the balance in their custody, the drafts drawn upon them have been accepted by them as they came and were presented, and have been paid and taken up at maturity by Paymaster General Bradford out of moneys furnished to him by the Navy Department for the purpose, in order that the said drafts might be paid in due course without interruption or discredit, but, at the same time, without advancing any additional money to the said firm of Jay Cooke, McCulloch & Co.

The indebtedness of the said firm to the Government has since been gradually reduced by payments made to the Department, and by sales of notes and credits and sales of some of the property held by the Government as collateral, until the amount now due is the sum of $699,154 15, as near as can be ascertained at this time, and without a final adjustment of the account in the Treasury. For the payment and return of this sum the Government now holds, in addition to the original security, the firm above mentioned, the following securities:

First. Decree in the Circuit Court of the United States for the Eastern district of Pennsylvania, amounting on the 1st day of March, 1875, to the sum of $789,208.53, which said decree has been affirmed by the judgment and decision of the Supreme Court of the United States, and is entitled to priority over all other claims of all other creditors of the bankrupt partners of the firm of Jay Cooke, McCulloch & Co. Upon this there has been paid the sum of $273,201.28, leaving a balance of $516,007 25. Second. The net proceeds, or receipts for about 11,000 tons of English railroad iron, the iron being in bonded warehouses in New York, New Orleans, Buffalo and Duluth, with one lot of about 1,000 tons at Port Huron. An original bond of the firm for $100,000, with securities approved according to law. Fourth. Four hundred $1,000 bonds of the Indiana Central and Illinois Central Railroad Company. Fifth. One hundred and forty-five $1,000 bonds of the St. Joe and Denver Railroad Company. Sixth. Assignment of the private estate of Hugh McCulloch in this country, valued at $150,000.

I have never been divested of any collateral held by me as security for said original indebtedness by any person or judicial tribunal, but some of the collaterals other than those above mentioned have been paid off and the proceeds credited on the account, and some railroad iron other than that above mentioned has been sold by the agents of the said firm with the assent of the Government, the proceeds being received by the Government and credited on the account as aforesaid.

The said firm of Jay Cooke, McCulloch & Co. are no longer my fiscal agents of the Navy Department, but they have gone into liquidation, under the English law, on account of the bankruptcy of some of their partners in this country, and their indebtedness, which is in progress of settlement, has been delayed only by the complication of their accounts with those of the bankrupt firm of Jay Cooke & Co.

I expect to be able to answer more specifically upon some of the points above mentioned in a few days, and also at the same time to answer the remainder of the interrogations, but I send this much without waiting for the precise information necessary to enable me to answer these and other questions upon the same subject, with the idea that I may thus avoid delaying in any way the progress of your investigation.

I am, very respectfully, yours,
GEORGE M. ROBESON,
Secretary of the Navy.

ANOTHER LETTER FROM THE SECRETARY.

NAVY DEPARTMENT, WASHINGTON, D. C., March 23, 1876.

SIR: Referring to my letter of the 10th instant, and in further and more particular response to the interrogatories of yours of the 28th ultimo, I beg to say that the claims against the firm of Jay Cooke & Co., in your said letter mentioned, were assigned to me by Jay Cooke, McCulloch & Co. as collateral security to secure the Government from loss on what is called the "foreign account" of the navy, which has been kept in London since the year 1815, and which was, at the time of such assignment, kept with the firm of Jay Cooke, McCulloch & Co., under the following circumstances:

Previous to May, 1871, the said foreign account of the navy was kept with the house of Baring Brothers & Co., who were before that time the bankers or fiscal agents of said account, under an appointment as "temporary special agents, to accept and pay drafts drawn abroad upon them by the Navy Department or on account of the Department by its officers or other persons properly authorized for that purpose." In the said month of May, 1871, the said firm of Jay Cooke, McCulloch & Co. were appointed as such "temporary special agents" as aforesaid for the reasons and purposes, and on the terms and conditions set forth in the letter of the Department dated May 10, 1871, to Messrs. Baring Brothers & Co., and the letter of appointment and agreement to and with the said firm of Jay Cooke, McCulloch & Co., dated May 1, 1871, a copy of which said letters, and a copy of the reply to and acceptance of said appointment by Messrs. Jay Cooke, McCulloch & Co., dated May 4, 1871, are herewith inclosed, marked respectively "A," "B" and "C," (the said appointment and agreement being the same in all respects as had been previously made, and existed with Messrs. Baring Brothers & Co., the previous "temporary special agents" of the Department, except that Messrs. Jay Cooke, McCulloch & Co. were required to give bond, with approved security, in the sum of $100,000, which they did, instead of $30,000, which was the sum previously required of and given by Messrs. Baring Brothers & Co.) Under, and in pursuance of said appointment and agreement, deposits were made in the usual course from time to time in maintenance and continuance of the said "foreign account" of the navy, kept as before said, since 1815, in London, as the money centre of the world, for the purpose of meeting and paying the drafts of navy paymasters in all parts of the world for the maintenance of our fleets abroad, for the reason that the expenses of our ships on foreign stations can be much more safely, conveniently and economically met by drafts drawn upon bankers established at the money centre, with correspondents in every commercial city of the world, than by carrying the coin of different nationalities large and uncertain amounts on our ships, or by any other means at the command of the Department.

The amounts and dates of the various deposits made in maintenance of the account, from the 1st day of March, 1871, to the 1st day of July, 1873, including all those made with Messrs. Baring Brothers & Co., as well as those made with Messrs. Jay Cooke, McCulloch & Co., are shown in the statement herewith inclosed, marked "D."

After the failure of the firm of Jay Cooke & Co. the correspondents of Jay Cooke, McCulloch & Co. in this country, through whom the continued firm continued to pay, as our agents, the navy drafts drawn upon them in regular course, the Department was not willing, in the disturbed condition of financial matters, to continue the said account without additional security, which was accordingly demanded and given before the Department would agree to continue the same. The additional security received to protect the said account consisted of about 8,045 tons of railroad iron, stored in the bonded warehouses of the Government, and its bonds of various railroad companies, amounting in all to the sum of about $600,000, held as collateral security for said account, (the Government to receive the proceeds of any payment or sales.)

The regular time for the remittance to the said foreign account, in usual course, came about the 1st of October, 1873, and the Department was then applied to by the representatives of said firm to allow the usual remittance to be declined to do so at that time, though our navy drafts were still paid in due course by said firm, as our agents as aforesaid.

About the middle of said month of October, 1873, however, it became necessary either to make new remittances to said account, or to allow our agents to stop the payment of our drafts. Consultation with the Secretary of the Treasury and the President upon the subject, and, in consideration, not only of the fact that any difficulty in the payment of our navy drafts, which then were and now are being drawn by our paymasters abroad upon said firm as our regular agents, and which were out in all parts of the world, would greatly inconvenience and increase the cost of our naval service abroad, but also of the fact that any discredit of the said firm of Jay Cooke, McCulloch & Co. which would revert from the stopping and withdrawal of its business would be felt at home, and be an injurious effect upon the operations of our Government, which was then carrying on large and important financial transactions with an association of bankers at the head of which was the said firm of Jay Cooke, McCulloch & Co. were members, in placing the new Government loan, it was determined to be wise public policy to continue said account, provided the Navy Department could receive additional security to insure the Government against probable loss.

In pursuance of such determination, the Department received from the said firm, for the said account, and all remittances made thereto, and received a further transfer of railroad iron stored in the Government warehouse to the amount of about ten thousand tons of new rails and four thousand eight hundred tons of old rails, making the whole amount of railroad iron held by the Department as collateral for said account more than twenty-three thousand tons and also notes and credits to the amount of about $200,000, all of which has since been paid, and an assignment of the private estate of Hugh McCulloch in this country, valued at $150,000; and also a second claim against the said firm of Jay Cooke, McCulloch & Co. against the firm of Jay Cooke & Co., mentioned in your first interrogatory, together with a claim not mentioned therein, amounting in the aggregate to $144,276.15.

In consideration of the facts already stated and the receipt of the securities mentioned, and in consideration of the fact that the Government had, and the law of the United States, a right of priority of payment against the private estates of all the partners of the said firm of Jay Cooke, McCulloch & Co. for the full amount of their indebtedness, this claim of priority of payment has since been affirmed by the judgment and decree of the Supreme Court of the United States, and binds property valued at more than three times the amount of the indebtedness, further deposits were made in continuation of said foreign navy account during the said month of October and the following month of November amounting to £219,109, 11s, 11d, or ten hundred and sixty-six thousand seven hundred and thirty-four dollars and eighty-three cents. Said deposits were made with the said firm, as my agents, by the Master General of the navy, who was then in London, and supplied with money for the purpose of protecting the Government.

The said firm of Jay Cooke, McCulloch & Co. continued to pay the navy drafts in regular course, but were finally obliged, under the operation of the English law, to go into liquidation, when the creditors were called together to formally adjudicated bankrupts, and the final settlement of their accounts with this Department has since been delayed by the complication of their affairs with those of the firm of Jay Cooke, which, besides injuring their credit and locking up their capital and assets, has rendered it necessary to introduce all the questions in which the bankrupts were interested into the consideration and adjudication of the United States courts.

Since the said bankruptcy no further remittances have been made to them, nor any other transfer of the balance in their custody, the drafts drawn upon them have been accepted by them as they came and were presented, and have been paid and taken up at maturity by Paymaster General Bradford out of moneys furnished to him by the Navy Department for the purpose, in order that the said drafts might be paid in due course without interruption or discredit, but, at the same time, without advancing any additional money to the said firm of Jay Cooke, McCulloch & Co.

The indebtedness of the said firm to the Government has since been gradually reduced by payments made to the Department, and by sales of notes and credits and sales of some of the property held by the Government as collateral, until the amount now due is the sum of $699,154 15, as near as can be ascertained at this time, and without a final adjustment of the account in the Treasury. For the payment and return of this sum the Government now holds, in addition to the original security, the firm above mentioned, the following securities:

First. Decree in the Circuit Court of the United States for the Eastern district of Pennsylvania, amounting on the 1st day of March, 1875, to the sum of $789,208.53, which said decree has been affirmed by the judgment and decision of the Supreme Court of the United States, and is entitled to priority over all other claims of all other creditors of the bankrupt partners of the firm of Jay Cooke, McCulloch & Co. were members, in placing the new Government loan, it was determined to be wise public policy to continue said account, provided the Navy Department could receive additional security to insure the Government against probable loss.

In pursuance of such determination, the Department received from the said firm, for the said account, and all remittances made thereto, and received a further transfer of railroad iron stored in the Government warehouse to the amount of about ten thousand tons of new rails and four thousand eight hundred tons of old rails, making the whole amount of railroad iron held by the Department as collateral for said account more than twenty-three thousand tons and also notes and credits to the amount of about $200,000, all of which has since been paid, and an