

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

DOCUMENTS

MAINE STATE LIBRARY

PRINTED BY ORDER OF

THE LEGISLATURE,
State - Library.
OF THE

STATE OF MAINE,

DURING ITS SESSION

A. D. 1841.

Augusta:
SEVERANCE AND DORR, PRINTERS TO THE STATE.

1841.

TWENTY-FIRST LEGISLATURE.

NO. 26.

HOUSE.

R E P O R T

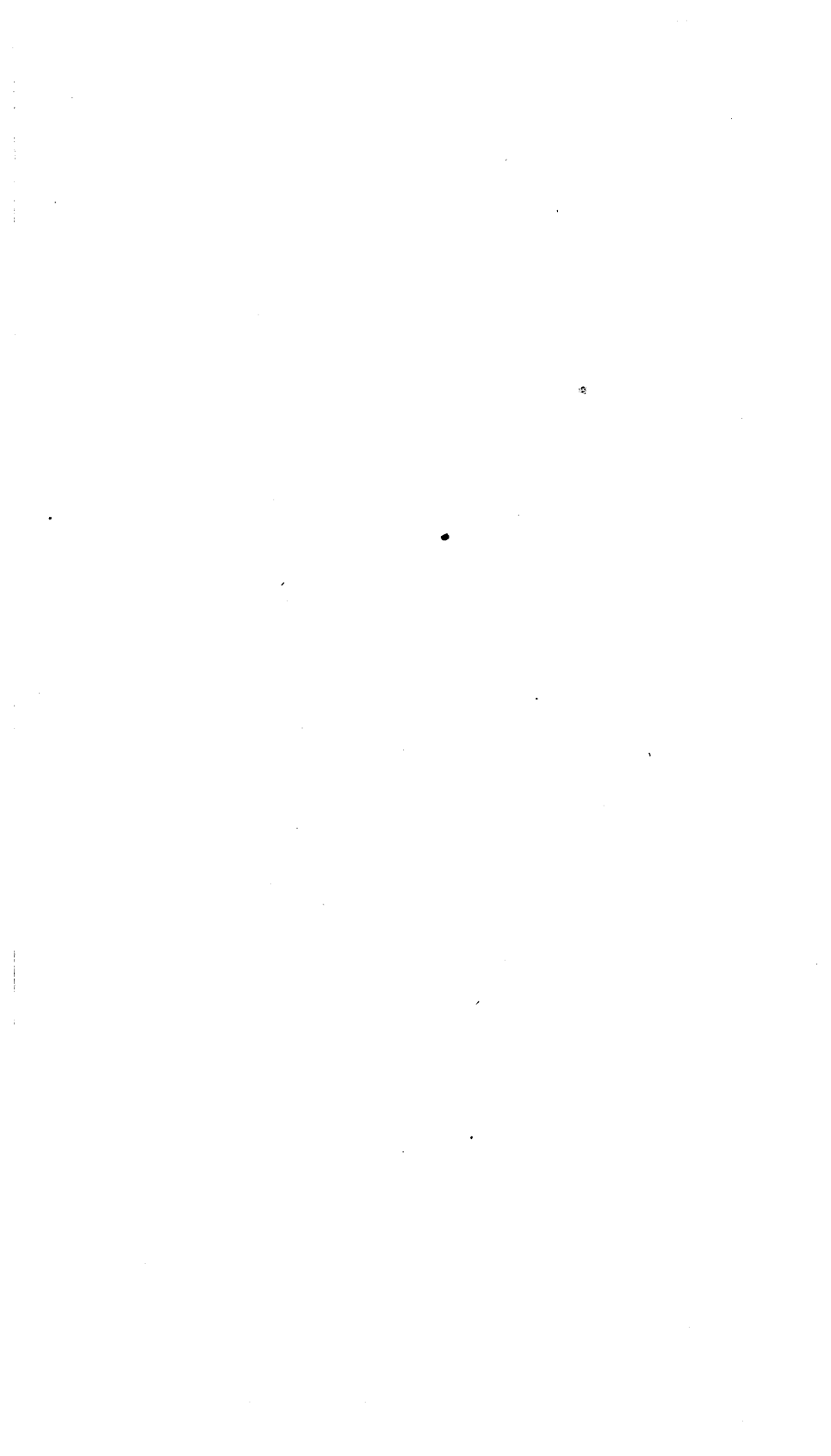
O F T H E

JOINT SELECT COMMITTEE

O N T H E

TREASURER'S ACCOUNTS.

SEVERANCE & DORR,.....Printers to the State.



REPORT.

The Joint Select Committee, appointed to examine the books and vouchers of the late Treasurer, having attended to that duty, and heretofore reported in part, ask leave to make a final

REPORT:

The money in the Treasury, and the notes and vouchers belonging to the Department, have been transferred to the Treasurer, and he has given his receipt for the same. This was done the day the Treasurer entered upon the duties of his office.

In a former Report, it was stated that the loans negotiated during the last year were made at about one third of one per cent. below par. On examining the detailed statement of the several loans, as entered on the books of the Treasury, it appears that various sums were not taken into the estimate, in coming to that conclusion. They have, therefore, had a transcript made of the different loans, the time when available to the State, the amount received into the Treasury, the accumulated interest between the date of the notes and the time the proceeds were credited to the State, and the interest on temporary loans. This schedule is hereto annexed.

It appears from this schedule, that under the Resolve of February 1, 1840, of \$200,000, there was negotiated the sum of \$79,500, which was credited to the State at different times,

between February 5 and June 30. The difference of interest between the date of the stock notes and the time the money was credited to the State, is nine hundred and forty-eight dollars and seventy-five cents. And under the Resolve of March 7, 1840, there was negotiated the sum of \$475,000, which was credited to the State between the tenth day of March and the thirtieth day of June. The accumulated interest between the date of the notes and the time the money was credited to the State, is seven thousand four hundred and four dollars and thirty-seven cents. The discount paid, and charged on the books of the Treasury, but not entered as a distinct charge, in the published Report, is four thousand one hundred and eighty-seven dollars and fifty cents. The Treasurer made an exchange of six per cent. stock for five per cent. stock, redeemable in eight years, to the amount of \$55,000. The difference in interest between six per cent. stock and the five per cent. stock, for the eight years, being eight per cent. is four thousand four hundred dollars. The amount of cash received upon these loans was \$495,312 50, and the cost to the State over six per cent. reckoning the accumulated interest, the difference in the exchange of stock, and the amount charged, is \$16,804 22.

Under the Resolve authorizing an exchange of stock with the banks, the amount of stock issued was \$519,100. The stock taken up was \$393,338 54, and the amount of cash received was \$125,761 46. By an arrangement with the banks, this was not available to the State till three and six months after the exchange of notes.

Prior and subsequent to the credit of the balance received for sale of State bonds, dated June 30th, the Treasurer negotiated several temporary loans, which are all charged December 31st, 1840, excepting a small amount for notes given to towns and paid in June. The amount of interest paid upon these temporary loans was four thousand nine hundred and fourteen dollars and seventy-two cents. A part of these loans was obtained on a pledge of the State stock as collateral security.

The exchange of State stock referred to was not noticed by the Committee, on the first examination of the books and notes, nor were they aware of it until their attention was called to the fact by the present Treasurer. In the large number of items to be examined, it was only to the amount, and the comparison between the voucher and the charge, that the Committee, on a first examination, could have time to refer.

Mr. Williams appeared before the Committee, and explained his reasons for making the exchange of stock, the cause of the difference of time between the date of the notes and the credit of the proceeds, and for his making temporary loans, when, by the books it appeared as if there were funds in the Treasury. He was asked to reduce his explanations to writing, to accompany this Report. This he has done ; and is as follows :

“ The late Treasurer entered upon the duties of his office
“ the last of January, 1840, when the finances of the State
“ were *in a low* and embarrassing condition. On the 1st of
“ February the interest on a part of the public debt, amounting
“ to about \$8,000, became due, for which no funds were on
“ hand ; and this amount he had principally to provide for, to
“ sustain the credit of the State. To pay off the members of
“ the Legislature he was compelled to make a journey to Bos-
“ ton, and being unable to negotiate the stock of the State with-
“ out immense sacrifice, a resort was had to temporary loans,
“ which were effected with great difficulty, through the agency
“ of his friends in that city, upon giving *additional* security
“ beyond that of the State, for the repayment of the amount
“ borrowed. The interest on this remaining portion of the
“ public debt, becoming due May 1, and being without means
“ and wholly unable to negotiate the stock of the State, an
“ arrangement was made with the purchasers of the 5 per cent.
“ stock, payable in 1848, and bought by them at auction in
“ New York, to give them 6 per cent. stock of the State of
“ Maine, they advancing the further sum of \$30,000 in cash,
“ and taking the State of Maine at par. This arrangement,

“ and this only, enabled him to pay off the interest on the
 “ public debt, and without which the credit of the State would
 “ have been ruined, and all further negotiations must necessari-
 “ ly have been suspended. Such was the low credit of the
 “ State, that the Banks would not loan any money to it, most
 “ of them already holding a large amount of its stock, upon
 “ which the interest had not been paid.

“ As a further expedient to raise money to meet the long
 “ standing and pressing claims upon the Treasury, the Legis-
 “ lature authorized *the exchange* of the 5 per cent. stock held
 “ by the Banks, for stock bearing 6 per cent. on condition
 “ that the Banks would lend a sum not exceeding 3 per cent.
 “ of its capital. This exchange was effected with most of the
 “ Banks, and an arrangement made with them that the *addition-*
 “ *al* amount loaned should be drawn for in June and October,
 “ to meet claims then falling due.

“ Although there was nominally upon the books of the
 “ Treasury a balance to the credit of the State, at the time of
 “ the negotiation of the temporary loans after June 30th, yet
 “ a portion of the funds were not (without a violation of an
 “ honorable understanding with the Banks and individuals)
 “ available till October.

“ In addition to this it became necessary to provide about
 “ \$80,000 to carry into effect a Resolve passed at the ad-
 “ journed session, and it was thought advisable to have this
 “ amount on hand to carry into effect the provisions of that
 “ Resolve, by which a large amount would have been saved to
 “ the Treasury.”

Extract of a letter of H. B. Stone, Esq. President of the
 Suffolk Bank, dated January 8, 1841.

“ About a year since, it was difficult to negotiate your stock
 “ at 90 per cent.; but it cannot now be purchased better than
 “ from 99 to 100 per cent.”

From J. E. Thayer & Brothers, January 15, 1841.

“ We would remark, that in 1839, the 5 $\frac{3}{4}$ per cent. stock of

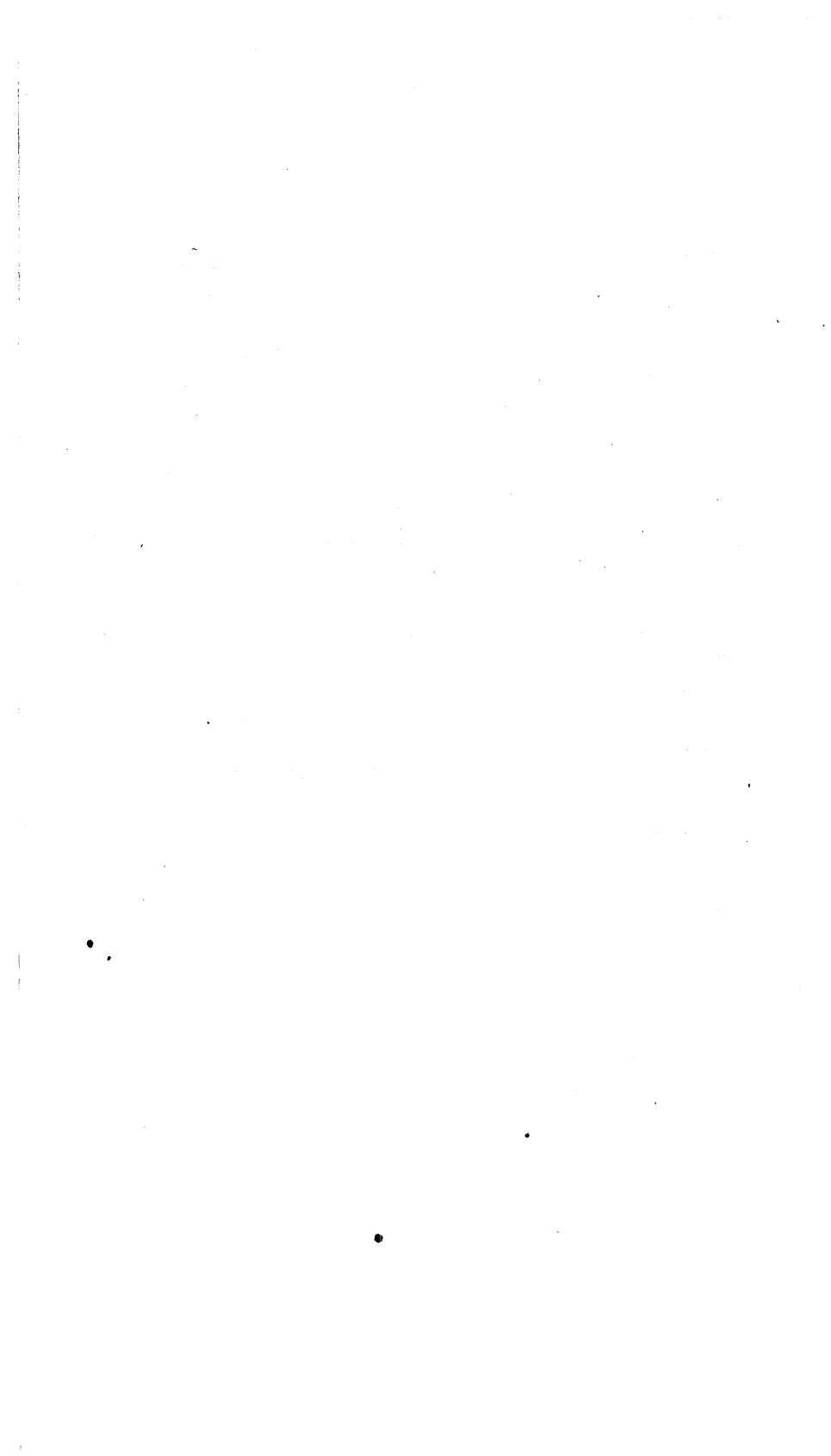
“ Maine was sold at about 75 ; there was also a sale of 6 per cent. at 80. In addition to its selling at these low prices, it was in bad repute among capitalists, both here and in New York. The present value of your stock is, say 99, in addition to which, no stock stands in better repute, and the reputation of the State is entirely established.”

From Messrs. J. W. Clark & Co.

“ We say that the credit of your State has advanced full ten per cent. during the past year.”

The above is Mr. Williams' explanation.

It appears that the whole amount of cash received on the stock issued, exclusive of the temporary loans, was six hundred and twenty-one thousand and seventy-three dollars and ninety-six cents ; and the sum that this cost the State, more than six per cent. is twenty-four thousand two hundred and thirty-four dollars and sixteen cents, including the interest on the temporary loans, the accumulated interest on the stock notes, the difference in the exchange of six per cent. stock for five per cent. stock, and the amount charged on the books of the Treasury. This is the difference to the State between the par value of the stock and the amount realized to the State upon its sale.



SCHEDULE.

The following is the schedule furnished by the Treasurer upon the request of the Committee with interest cast upon the different transactions as stated in the Report.

Loan of \$79,500. Stock notes dated February 1, 1840.

Credited to the State as follows, viz:

Feb. 5,	\$13,500
Feb. 13,	2,000
Mar. 5,	25,000
Mar. 10,	5,000
Mar. 14,	500
Mar. 17,	1,000
Mar. 20,	3,500
June 30,	29,000

\$79,500

Accumulated interest from date of the stock to the time credited, is \$948 75

Loan of \$475,000. Stock notes dated

Mar. 7, 1840. Credited as follows.

Mar. 10,	\$20,000
Ap'l 16,	37,000
Ap'l 24,	17,000
Ap'l 27,	2,000
June 1,	86,000
June 2,	21,000
June 3,	10,000
June 30,	282,000

\$475,000

Accumulated interest is		7,404 37
		<u>8,353 12</u>
Accumulated interest credited,		136 40
		<u>8,216 72</u>
The discount paid and charged is		4,187 50
Difference between the \$55,000, 5 per cent. stock, exchanged for 6 per cent. for 8 years, is		4,400 00
		<u>\$16,804 22</u>
The two loans amount to		\$554,000 00
Stock exchanged,	\$55,000 00	
Discount paid,	4,187 50	
	<u> </u>	59,187 50
Cash received on these loans,		<u>\$495,312 50</u>
<i>Loans authorized by exchanges with banks.</i>		
Stock issued, dated February 1, 1840,		\$247,000 00
Stock issued, dated April 1, 1840,		272,100 00
		<u>519,100 00</u>
Stock taken up,		393,338 54
Cash received on these loans,		<u>\$125,761 46</u>
Suppose $\frac{1}{2}$ of this available June 1: Interest would be		628 80
" $\frac{1}{2}$ " " Oct. 1; " "		1,886 42
		<u>\$2,515 22</u>

Temporary Loans obtained during the year.

Date of Loan.	On what time.	Amount.	When due	When paid.	Amount of Interest.
1840.			1840.		
Feb. 23	10 months.	\$25,000 00	Dec. 23	Dec. 23.	\$1,262 50
Feb. 23	10 months.	10,000 00	Dec. 23	Dec. 23.	505 00
April 6	6 months.	15,000 00	Oct. 6		457 50
			1841.		
Mar. 7	10 months.	10,000 00	Jan. 7	Dec. 28, 1840.	500 00
Mar. 17	60 days.	6,000 00	May 19		63 00
Mar. 17	Given to t'wns on interest.	15,226 58	June 1	paid in June.	
Ap'l 30	4 months.	6,000 00	Aug. 30		123 00
Ap'l 30	6 months.	6,600 00	Oct. 30	Nov. 2.	201 30
May 15	30 days.	10,000 00	June 14		57 53
May 29	4 months.	5,000 00	Sept. 29		102 50
May 29	6 months.	10,000 00	Nov. 29		305 00
June 15	on demand.	27,191 29	on dm'd	Dec. 16.	820 26
June 29	6 months.	1,000 00	Dec. 29		25 67
Aug. 28		25,000 00	Oct. 15	Oct. 15.	195 80
Aug. 28	40 days.	10,000 00	Oct. 7	Oct. 10.	71 66
Oct. 9	60 days.	4,000 00	Dec. 8		42 00
Oct. 9	30 days.	4,000 00	Nov. 8	Oct. 11.	22 00
Oct. 15	40 days.	15,000 00	Nov. 24	Nov 27,5000. Dec.7,do.	107 50
Oct. 28	60 days.	5,000 00	Dec. 27		52 50
		\$210,017 87			\$4,914 72

The above loans are charged Dec. 31, 1840, excepting the notes to towns, but were paid when due.

The balance of permanent loans negotiated, were credited under date of June 30, 1840, as follows :

Balance received for sale of State bonds as per register of loans in this office, after deducting discount and commissions for negotiating same, \$479,812 50

The loans alluded to are,

Feb. 1, 1839,	\$58,000 00	} included in exchanges with the Banks.
April 1, 1840,	115,000 00	
Feb. 1, 1840,	29,000 00	
Mar. 7, 1840,	282,000 00	

\$484,000 00

Discount paid,

4,187 50

\$479,812 50 being the above sum.

All which is respectfully submitted.

JOHN OTIS, per order.

STATE OF MAINE.

HOUSE OF REPRESENTATIVES, }
April 6, 1841. **}**

Read, laid on the table, and 1000 copies ordered to be printed, for the use of the Legislature.

[Extract from the Journal.]

ATTEST: **GEO. C. GETCHELL, Clerk.**