

MAINE STATE LEGISLATURE

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THE LEGISLATURE

OF THE

STATE OF MAINE.

1860.

SIEVENS & SAYWARD, PRINTERS TO THE STATE.

1860.

REPORT

OF THE

JOINT SELECT COMMITTEE,

ON THE

DEFALCATION OF BENJ. D. PECK,

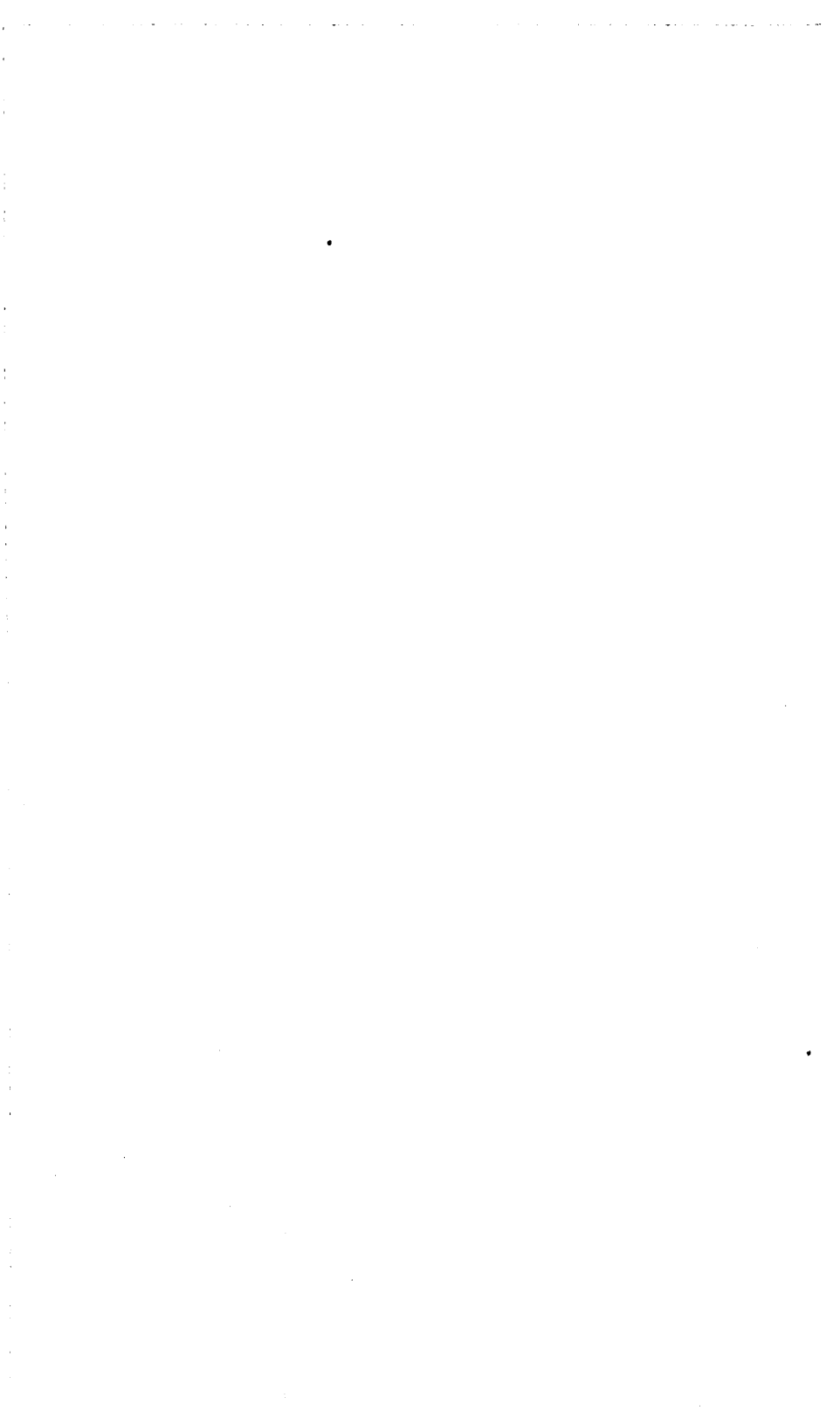
Late Treasurer of the State of Maine.



AUGUSTA:

STEVENS & SAYWARD, PRINTERS TO THE STATE.

1860.



REPORT

OF THE

INVESTIGATING COMMITTEE.

The Joint Select Committee, to which was referred "so much of the Governor's Address as relates to Treasury Affairs," reported on the 27th of January that the deficiency in the accounts of the late State Treasurer amounted to the sum of \$94,073 04. Upon a more accurate adjustment of balances than they were then enabled to arrive at, the Committee find that the precise deficit is 94,023 99, and it is their duty now to lay before the Legislature a succinct statement of the causes that led to this lamentable result. They beg leave, therefore, to submit the following

REPORT :

At the time the Committee was appointed, the late Treasurer, B. D. Peck, was confined in jail at Bangor, on a charge brought against him by the Receivers of the Norombega Bank. As soon as he was released from their custody, January 11, a Sub-Committee, consisting of Messrs. Drummond, Porter and Blaine, was dispatched to Bangor, with authority to summon Mr. Peck and secure his attendance at the Capital. He arrived here the next day, and though manifesting a perfect willingness to give his testimony touching the subject under investigation, he alleged his inability to proceed until he was placed in possession of his private papers and memoranda, deposited in an iron safe at Portland, which, as he averred, had been forcibly removed from his house without his permission and against his wishes. Hon. George F. Shepley appeared before the Committee as his counsel and gave additional assurance of the necessity of Mr. Peck's having the papers referred to, and of the utter impossibility of any clear statement being made without them. Mr.

Shepley also volunteered his personal pledge that if the Committee would permit Mr. Peck to go to Portland and examine the papers, or place the papers in his possession here, every fact and every figure of any pertinence or significance, would be most freely exhibited and exposed. Preferring to have Mr. Peck remain at Augusta, the Committee accepted the second proposition and appointed three of their number, Messrs. Robie, Comstock and Blaine, to proceed to Portland with any one Mr. Peck might designate as his friend, and procure the papers referred to. Mr. Peck selected Mr. Charles A. Stackpole as his representative, and on Friday, the 13th of January, the parties named proceeded to Portland and found the safe deposited at the Manufacturers and Traders Bank, to which place they repaired immediately on their arrival in the city. The Committee remained in the Bank until Mr. Stackpole had gone out and procured a key to the safe, which on his return was unlocked by him in presence of the Committee, all the papers carefully removed, securely wrapped in several folds of paper and so sealed that it was impossible to have access to them, without the intrusion exposing itself. The package was then deposited in the vault of the bank, and the Cashier instructed not to deliver it until called for by Mr. Stackpole and the Sub-Committee together. The call was made the next day, the package brought to Augusta by the same parties, and by them delivered to Mr. Peck, in presence of Hon. George F. Shepley. The Committee earnestly desired to give the papers a thorough examination before delivering them to Mr. Peck, but to this neither he nor his counsel would assent, and as the "Declaration of Rights" in our State Constitution sets forth that "no warrant to search any place or seize any person or thing shall issue, without a special designation of the place to be searched and the person or thing to be seized," it was quite apparent that to have opened a package whose contents were utterly unknown to the Committee, would have been a grave violation of this Constitutional provision. The Committee therefore confined their efforts to the delivery of the papers to Mr. Peck, relying on the personal promises of himself and his counsel, as to the honorable use that should be made of them.

On the ensuing Monday morning, January 16th, (the papers having been delivered on the previous Saturday evening,) Mr. Peck,

accompanied by his counsel, Mr. Shepley, appeared before the Committee and submitted the following written statement :

JANUARY 16, 1860.

I stand before this committee and before the people of this State, charged with misappropriating the public funds, which I, as Treasurer of State, have had in trust. I acknowledge the charge to be true and shall proceed to make such statements and explanations of my transactions as are demanded by my convictions of truth and duty. I do not deem it necessary in this connection to offer any excuses for my conduct, but to state the facts and leave you to judge in reference to each and all of my transactions. I have no wish to involve other parties and other men in any of my questionable or wrong financial operations; I can only state what has been done, and others connected with me must vindicate themselves if they can, or suffer with me, the consequences of wrong doing.

I have been accustomed from my first connection with the treasury to loan the State's money in large and small sums to some of my bondsmen and to others, who from time to time solicited aid from this quarter. Some of these parties have paid me, and some have not. Sometimes when I have wanted my pay, they have endorsed my notes, upon which I have raised the money on my own and their credit, at the Banks. Names of parties with amounts loaned, and payments made, from time to time, and what remains unpaid now, can be given when desired.

I had not got warm in my seat as Treasurer of this State, before I was urgently importuned by some of my bondsmen and others, to loan the money of the State, and for this reason—that I could in this way add to my income from the office, other treasurers had done it, and it was generally known that all treasurers would do it. This, at least, public men of all parties knew full well. I do not plead these things to cover up my own faults, but on the contrary, make them as a simple statement of facts, giving names if desired, that the Committee may have all matters before them which are material to this investigation.

There are persons who in the days of my prosperity were glad to avail themselves of the use of the State funds, who could approach me upon my weak side and use me for their purposes, but who now denounce me in newspapers and elsewhere, and who would not, even with all my available property in their hands as security, consent to sign a bail bond for my deliverance from jail, into which I was cast upon a trumped-up case, while I was using my utmost endeavors to place all my property in the hands of my bondsmen as security for the loss they had incurred on my account. I do not mention this in any spirit of complaint or by way of retaliation but as a fact patent to all who understand much of this painful affair.

It will be seen upon an investigation into all of my transactions

in connection with the treasury, by sending for "persons and papers" as you have power to do, and by my giving names, as I can, that what I was doing with the State's money was not unknown to some, at least. I shall shrink from no responsibility in this matter, neither shall I endeavor to shift from my own shoulders any blame which rightfully belongs to me to bear. I am the sinner in these matters before all others. I ought to have had firmness enough to have resisted all temptations to misappropriate the public funds, whether these temptations came from bondsmen, or from whatever quarter they came. The first year of my occupancy of the treasury I loaned, as I have said, large sums of money to some of my bondsmen and to other parties. All the gentlemen who were on my bond and had favors of this sort paid me with the exception of one. He paid me only in part. There was one or two others who owed me small sums but I made my account good the first year by borrowing a small sum; and had I been called upon to have settled my account finally that year with the State I could have done it with my private means; so there would have been no loss to the State or to my bondsmen. The second year I pursued pretty much the same course, loaning money to some of my bondsmen and others, and I have to say that all these gentlemen paid me with the exception of the individual mentioned above as owing me at the end of the first year. This man was able as I now regret to be obliged to say, not only to keep back what he owed me at the end of the first year, but by working upon my credulity or good nature, or whatever you please to call it, to get a much larger sum out of me which he still owes. Whether there was any design on his part to defraud me or the State I leave you to judge. All the facts connected with this particular transaction I can lay before you if you desire it.

At the end of the second year I was short some \$20,000* which I made good by discounts at the banks, which I carried over, so that the Committee appointed to settle with the Treasurer, found my accounts correct on the books and sufficient vouchers for all the State funds on or at the close of business, Dec. 31st, 1858.

I mention the fact that I was accustomed to loan the State funds to some of my bondsmen and others, not for the purpose of criminating others, but simply to show that what I was doing with the public funds, was not wholly unknown to parties who had a deep interest in the safety of these moneys, and also to show that others were willing to run risks as well as myself, and that this matter between myself and some of my bondsmen has more of a business aspect, of venture, of loss and profit, than is generally supposed.

I now come to the Canada speculation, in which I was unfortunately engaged. I became a partner in this business in July, 1858; and my associates are all of them gentlemen in high social and political standing in this State. The purchase of the timber limits, 266 square miles of territory with the mill, booms, etc., was made

*Largely increased by Peck's subsequent testimony:

of one Edward Scallan for \$20,000 bonus—five thousand dollars down, which payment was made out of my own private funds. For this I was to be reimbursed at an early day, with interest; so that, in fact, a very small sum only would be necessary to meet my liability.

By papers which I herewith present, you will see what a flattering exhibit was presented of speedy receipts and large profits, by men whom I supposed then, and now suppose, were competent to judge, and to know whereof they affirmed. These receipts and these profits have not been realized; hence I am before you to-day in the humiliating position in which I find myself. It has been said—indeed the public mind is very generally entertaining the belief, that I have been brought into this ruinous speculation by my partners, who care not for me, nor for the loss which my bondsmen and the State may suffer on my account. I wish only to state the precise truth in this connection, and leave you and the public to judge how that may be. In the first place then, I did not, and I am confident my partners did not enter upon this enterprise with the intention of taking a single dollar from the Treasury to carry it on.

This enterprise was carried on mainly by funds raised upon notes of my own, and notes furnished me by my associates which my credit and my position enabled me to use. I found no difficulty, generally, in raising money at the Banks where I kept my deposits, even upon notes that were of a doubtful character. I do not say that I did not at any time take money from the Treasury and employ it in this Canada operation because that would not be true. I did it frequently, but always sought to replace it by the discounting of notes, and by placing the proceeds of these notes to my credit as Treasurer. I have used notes at the different Banks to a very large amount; and I have also used my checks on time with individuals and with the Banks to a large amount. The shrewdest financial men in the State, or those who are esteemed such, connected with Banks and outside, have been ready to take these checks—indeed have been greedy for them.

I repeat here that I did not commence this enterprise with the deliberate intention of taking a single dollar from the Treasury in carrying it on. I had no doubt at the start that I could with my private means and my credit carry forward my part of the work and furnish my part of the money without trouble; and I know now that I could have done it with perfect ease. It was represented to me, as you will see by papers herewith presented, that the whole enterprise would cost but \$40,000; that this sum would readily be provided for by early receipts from the lumber; and that there would be a large profit left after paying for the operation in the woods and the cost of the mill, etc.

The mill, booms, etc., as you will see, were to cost \$20,000 by our books; and by a statement from our agent they have cost, as I

learn, \$35,000. The whole operation was to cost \$40,000; it has cost between \$70,000 and \$80,000. The mill was to start in July, sure; and five millions of lumber was to be got to market. The mill did not start till October, and no lumber has been sold.

My arrangements to raise money were all made in the early part of the season upon the supposition and belief that the mill would start in July, and that before January, 1860, I should be in the receipt of \$60,000 or \$70,000. Accordingly notes and checks to nearly this amount, from time to time, were used; and much of this paper matured and had to be met in November and December. I was struggling to renew this large amount of paper to save myself, my bondsmen, and the State, when the Norombega Bank failed and the crash came.

At the commencement of this enterprise, some of my associates agreed to furnish money or its equivalent in aid of the operation. Some of them have furnished notes and securities, but none of them have furnished money. I do not say that any one of the men associated with me in this business advised me to use in any one instance the State funds in the enterprise. They did not. Whether they knew that I was doing it or not you can judge. Some of them have rendered me very essential aid in raising money on notes and checks; and all of them have seemed desirous to help me in every way. It is in your power to send for persons and papers, and to unravel this matter further if you choose, though I believe I have given you here all the material facts.

In this *expose* I have shown you where the bulk of my State deficit has gone to. There are some outside debts of mine, and some parties who owe me small sums which now consider them as wholly private transactions. There is also some money that has gone for interest, cost of travel, etc., of which I can now make no report. When I have had time to gather up my scattered papers and memoranda, and to unravel some of my affairs, I may be able to tell more of my financial embarrassments than I can now; still I shall not be surprised, and you will not be surprised, if money has slipped through my hands for which I cannot account, considering the circumstances in which I have been placed. I should say in conclusion that all my Canada property I have placed, so far as I have been able, in the hands of trustees for the benefit of my sureties and the State; and I have no doubt if that interest be well and prudently managed, every dollar which I owe the State will be paid. I shall also as I can do it, put all my assets in the hands of parties for the benefit of my bondsmen. I am fully determined to make all the reparation in my power.

B. D. PECK.

As Mr. Peck, in the foregoing statement, signified his willingness to "give names if desired" and to "communicate all the facts connected with the particular transactions" referred to, the Committee

unanimously voted to require the fullest and most specific details in his power to give; and from that date until the close of the testimony, Mr. Peck has been at the bidding of the Committee, attending their sessions whenever so desired and answering, so far as he professed to be able, all interrogatories addressed to him. The Committee have had in all more than forty different meetings, and under their power to send "for persons and papers" have summoned and procured the attendance of such witnesses as were known or supposed to possess any knowledge of the transactions that led to the defalcation in the Treasury. Those transactions are either specifically alluded to or intelligibly hinted at in Mr. Peck's written statement, and they may be rendered more clear and perspicuous by treating them under several heads—somewhat in the order of time, but more especially with reference to the relative magnitude of the transactions themselves.

THE CANADA SPECULATION.

The witnesses in regard to this operation besides Mr. Peck himself, were Dudley F. Leavitt, George M. Weston, Theophilus Cushing, Abner R. Hallowell and George R. Smith, and from their joint testimony, giving all proper latitude for errors of memory and inevitable discrepancy of statement, the following may be given as a substantially true narrative of the origin, progress and catastrophe of that enterprise.

In the year 1857, Leonard Jones and Abner R. Hallowell of Bangor, were in correspondence with one Edward Scallan of Industry Village, Canada East, with reference to the purchase from him of certain "timber limits" situated on the Assumpcion River. Dudley F. Leavitt was soon apprised of the nature of the correspondence and became sufficiently interested in the proposed purchase to send in the fall of that year, and also early in 1858, a competent person to explore the "limits" and ascertain their real value. Mr. Leavitt had talked with George M. Weston about the expediency of the purchase in June, 1857, before sending an explorer to the territory, and Mr. Weston seems to have become interested in the enterprise shortly after Mr. Hallowell had procured from Scallan a "refusal," for the joint interest of Hallowell, Leavitt and Jones. Mr. Weston's union with these gentlemen constituted a partnership

of four persons, equally interested in realizing in some form, a profit from the Canada property, of which they then held the "refusal" from the owner. Standing thus on the eve of a large financial operation, these gentlemen, according to the testimony before the Committee, were somewhat peculiarly situated. The operation required a considerable sum and the promise of large gain was most brilliant, but there was an inconvenient and embarrassing deficiency of the requisite cash capital. Mr. Leavitt in his testimony before the Committee, very frankly said: "As to capital I had none; we did not rely on Weston to furnish any; Jones could not command much means; Hallowell could have made the first cash payment if he had been so disposed. It was not understood however among us that Hallowell *would* or that the rest of us *could* furnish the capital." Situated thus it became quite evident that the "refusal" would be of little value to the gentlemen named unless a moneyed man could be induced to unite in the enterprise, and accordingly it was resolved that an individual of that description was the indispensable requisite to further progress or profit. Mr. Leavitt in his testimony before the Committee thus states it: "Our calculations were to have some one come in and advance some money. This *some one* to advance the money was *the one* we were looking for. It was understood among us that if any one was found to advance the money he was to have an interest in the property." Thus matters stood throughout the winter of 1857-8, and during the spring and early summer of the latter year. Efforts to secure the assistance of a moneyed partner in Bangor failed and the gentlemen interested were waiting with patience and hopefulness for the proper individual to appear.

Mr. Weston was the member of the firm who discovered the man that could advance the money for the operation. Being in Augusta about the first of July, 1858, as Mr. Weston testifies, he was informed by Jonas Drew, that "Mr. Peck had three, four or five thousand dollars which he would like to invest in lands." About the same time, by a fortunate conjunction of circumstances, Mr. Weston "received letters from his friends Leavitt and Hallowell," "setting out," as he says, "in glowing terms, the value of the Canada speculation and calling on me for money, they supposing I was about to receive a large sum from the State as agent for its claims

at Washington." "Acting on the hint," given by Drew, Mr. Weston says, "he broke the matter to Peck" and laid open to him the whole design with all its promised brilliant results. Figures and alleged facts were shown to Peck which gave the scheme a most captivating aspect—promising the largest of profit on a comparatively small investment, with the most trifling modicum of risk and no possible danger of ultimate loss. Weston says that Peck expressed confidence in Hallowell and wished him to come over to Augusta. Weston wrote him at once. Hallowell obeyed the summons and after an interchange of views Mr. Peck expressed a willingness to join in the enterprise.

The immediate payment required by Scallan was \$5,000 and Peck furnished it to Hallowell in two official checks, one on a Bangor Bank and one on the Suffolk. Hallowell returned to Bangor, had one check cashed, took \$15,000 of Dudley F. Leavitt's notes, \$3000 each, payable in 1860, 1, 2, 3 and 4, and immediately proceeded to Canada and closed the bargain for the property—\$20,000 being the price. Shortly after these transactions, Mr. Peck proceeded to Bangor, and as Mr. Leavitt states—"Mr. Jones and myself called on him at the Bangor House, were introduced to him and talked the matter all over; the value of the property, what there was in it, what the explorer reported, &c., &c." It was the verbal agreement at Augusta that as Peck had furnished all the money for the purchase, the title should vest in him alone, and Hallowell had procured the deed from Scallan in accordance with that understanding. The other parties were to have their rights and interests defined by papers from Peck, and the Bangor conference was for that purpose. Mr. Peck made the fifth gentleman embarked in the scheme and as some one was wanted to manage the property, Theophilus Cushing of Frankfort was added as the sixth partner. Mr. Cushing had been conferring with Mr. Hallowell in reference to some timber land in Canada the previous winter, and it was at the instance of the latter gentleman that the share was thus disposed of. Mr. Cushing was to receive \$1,800 per year for his services as general agent, and to have besides an equal participancy in the net profits of the operation.

It was agreed at the Bangor conference that each of the partners should receive his proper proportional part of the property and the profits from Peck after he should be fully reimbursed for all his ad-

vances, charges and expenses; and a paper acknowledging and accurately defining these rights and interests was signed by Peck and delivered to each one of his associates. The following is a copy of the one given to Mr. Leavitt and the others are understood to be of similar tenor and date.

[COPY.]

Whereas, Edward Scallan, of Industry Village, Canada East, on the 10th day of July, A. D. 1858, in an instrument by him signed, sealed and delivered, conveyed to B. D. Peck, the subscriber, a certain saw mill and timber limits therein described: That instrument acknowledges the receipt of two thousand dollars in money, three thousand dollars in a check drawn by the subscriber, and notes signed by D. F. Leavitt to the amount of fifteen thousand dollars with interest annually from July 5, 1858. The principal in installments from October, 1860, three thousand dollars annually, at the Suffolk Bank, Boston, and the annual interest at the Traders' Bank, Bangor. The sale is conditioned upon the prompt payment of the notes and interest. Now to protect the sums already paid, and the property, by the payment of the notes and interest, and to furnish such means as are necessary to the successful prosecution of the lumbering business therein contemplated, it may become necessary to hypothecate the obligation from said Scallan, and all cost of raising money, with suitable commissions for negotiating the same, and all incidental charges and expenses, shall be deemed legitimate charges upon the property.

The intent and meaning of this instrument is, that after the subscriber shall have received full pay for the money now advanced and interest, and commissions on all sums he may advance for the successful prosecution of the business, that one-sixth part of the purchase of the mill and limits, and one-sixth part of the net profits, shall become the property of D. F. Leavitt or his assigns, and shall be paid over to him on demand.

For the mutual protection of the interest of the parties, it is agreed that upon the payment by said D. F. Leavitt or his assigns of his proportion of the sums coming due on the property, either for the purchase or cost of operations, within three months after he shall have been notified of the amount, then this obligation shall be void. It is understood in case of loss that each of the parties shall bear his proportion and indemnify said Peck and Leavitt for their proportion of cash and notes given by them to said Scallan.

That harmony and unity of action may be secured and continued it is understood and agreed that no sale or transfer of this interest shall be made by which any new parties shall be introduced, without the written consent of all the parties.

B. D. PECK.

Bangor, July 29, 1858.

Witness, A. R. HALLOWELL.

A short time after these papers were issued to the several parties to the purchase, Mr. Leonard Jones disposed of his *sixth* to A. R. Hallowell, and he in turn sold it, one-half to Mr. Peck and the other half to George R. Smith. Mr. Smith thus became the owner of one-twelfth, while Mr. Peck's interest was increased to one-fourth of the whole. The name of Mr. Jones is not met with again as an owner, though on subsequent occasions, as the Report will develop, he seems to have been of material aid to Mr. Leavitt in the peculiar system of financiering adopted to promote the enterprise. Mr. Hallowell says he consulted Mr. Peck in regard to the admission of Mr. Smith to the partnership, and that the arrangement was pronounced to be a very acceptable one to all concerned.

The property purchased by the company consisted of "limits," or permits to cut the timber, on 266 square miles of land on the Assumpcion river, 60 miles from its confluence with the St. Lawrence, together with a mill site and old mill run by water power some fifteen miles from the St. Lawrence and three miles from Industry village. Owing to the difficulty of running manufactured lumber over the rapids of the Assumpcion river to the St. Lawrence, and the high rate of land carriage thereto, the purchase of a mill site and erection of a mill on the shores of the latter river, were at once resolved upon by the new company—the determination to that effect being made as early as August 1858, when Messrs. Peck, Leavitt, Hallowell and Cushing went to Canada, purchased the site on the St. Lawrence, and made arrangements for the speedy erection of a new steam mill with power to manufacture *five millions* of lumber in a single season, the capacity of the old mill not being over *two millions*. The price paid for the new site was \$1,200, assumed or advanced by Mr. Peck. From that time forward, Mr. Cushing remained on the ground as general agent and manager of the joint business, and his accounts show with undoubted accuracy the amount of money put into the operation. During the Autumn of 1858 there was expended the sum of \$8,725.61, besides the \$5,000 paid down, and the aggregate amount passing through Mr. Cushing's hands and laid out in the operation up to December 10, 1859, was **\$67,173.60**. This sum does not include the original \$5,000 paid by Mr. Peck, nor does it include \$9,000 advanced by him to anticipate the Leavitt notes held by Scallan, and which that gentle-

man during the summer of 1859 was willing to sell for 25 per cent. less than their face. Adding this \$14,000 to the above, together with \$500 paid on a note given for saws, and two sums of \$500 each reserved by Mr. Cushing from large drafts negotiated by him for Peck in Montreal, and the expenditures in the Canada operation will be seen to have reached the enormous aggregate of **\$82,673.60.**

This large sum, according to the uniform testimony of all the witnesses, was a vastly greater outlay than had been originally contemplated. The first project apparently involved but \$20,000 for the limits and the old mill, and the building of the new steam mill when resolved upon was estimated at \$20,000, with \$25,000 as the outside figure. It cost however nearly \$35,000, and while it was in process of erection, a heavy sum of money was expended in cutting and driving logs. It was hoped and expected by the company that the mill would be ready for sawing by midsummer, 1859, and that by the latter part of the ensuing autumn a large amount of lumber would be ready for market—thus affording a return for the heavy outlays and expenses incurred. Instead however of having the mill in operation by midsummer, there was not a wheel turned until October, and when it had been running a little more than a month a flue collapsed and the sawing of lumber suddenly stopped. The agent, Mr. Cushing, concluded that it was idle to attempt to run the mill any longer until the coming spring, and so arranged for a winter's "logging," and was engaged in that undertaking when the defalcation of the State Treasurer was announced, and the "ways and means" of further operations in Canada by this company suddenly and effectually cut off.

Not one of the parties engaged with Mr. Peck in this Canada speculation furnished a single dollar of cash means wherewith to carry it on. Indeed, in their testimony before the Committee, not one of them pretended to have done so. They were all obliging enough to furnish Peck with notes to any amount, at any time, to be negotiated at any discount and to be paid by any body—except the makers. Mr. Hallowell in his testimony before the Committee, unqualifiedly confirmed this view of the case. He said, "I don't know of a cent furnished by Smith; I don't know and have not supposed that either Weston, Leavitt or Cushing furnished any money; my understanding was that Peck furnished *all* the money." Mr.

Weston seems by his own testimony to have kept Peck well supplied with his notes—"a large number of which," Weston says, "were negotiated by Peck, and a considerable quantity is still on hand." Mr. Weston informed the Committee that he "sent these notes to Peck in *whole batches*," and that he kept no minute of their number, their amounts, nor their dates of maturity, being perfectly willing, as he expressed it, "*to risk the notes if the Banks that discounted them were.*" These notes were endorsed by Peck, renewed by him when they matured, or paid directly from the State funds. When the original notes were not so paid, the renewals in all instances where they were paid at all, were paid by drafts directly on the Treasury funds.

Mr. Leavitt gave out but few of his own notes, but furnished an abundance of other people's, and did a very large business in the negotiation of Treasurer's checks. Among the notes furnished at different periods during the year 1859 by Mr. Leavitt, were those principally of Leonard Jones of Bangor, and of Treat & Co. of Frankfort. Mr. Leavitt's understanding was that "Peck could have these discounted readily at the Banks where he kept State deposits, and that as they matured they should be renewed, and thus kept along until the money was obtained from the lumber. It was understood that Peck should furnish the money for the operation." The notes of Leonard Jones were apparently for the accommodation of Mr. Leavitt, and all that were discounted seem to have been paid by Mr. Peck, with the exception of *eight* that were given in November and December, 1859, for the following sums :

One for	.	.	.	.	\$565 00
"	.	.	.	.	525 00
"	.	.	.	.	565 00
"	.	.	.	.	535 00
"	.	.	.	.	875 00
"	.	.	.	.	525 00
"	.	.	.	.	800 00
"	.	.	.	.	535 00

Amounting in all, to . . . \$4,925 00

None of these have been paid, to Mr. Leavitt's knowledge. Five

notes of Treat & Co., were also furnished by Mr. Leavitt, for the following sums:

One for	.	.	.	.	\$1,025 00
"	.	.	.	.	1,025 00
"	.	.	.	.	1,020 33
"	.	.	.	.	1,015 34
"	.	.	.	.	1,020 34

Amounting in all, to . . . \$5,106 00

In giving these notes, Treat & Co. received from Peck a conveyance of the Smyrna lands as their security, and the nature of that transaction will be fully explained under the appropriate head. It appears by Peck's testimony also, that Leavitt negotiated two of the Treasurer's official checks with Treat & Co.—one for \$1,850, the other for \$1,150, Peck receiving the notes of Treat & Co. for similar amounts, and the agreement being that the checks should be kept back for the same time the notes had to run.

The purchase of the "Paulk lands," so called, by Leavitt and Weston, from G. L. Boynton, was made the basis of another operation in the money market for the joint benefit of the Canada Company. It appears that the price paid Boynton for the lands was \$15,000—\$2,000 of which was in cash, \$13,000 on mortgage. The \$2,000 was nominally advanced by Weston, but according to the testimony of that gentleman, in reality furnished by Peck—the title vesting in Leavitt and Weston, jointly. With the \$2,000 thus paid, and the \$13,000 still due, Leavitt and Weston gave Peck their notes for \$20,000, *secured* by a second mortgage on the property. These notes were given as follows:

May 24, 1859, note 1 year,	.	.	\$2,248 64
" 24, " " 2 years,	.	.	4,437 84
" 24, " " 2 "	.	.	6,656 76
" 24, " " 2 "	.	.	6,656 76

With these notes, thus secured by mortgage on real estate, Mr. Peck thought he could raise at least \$12,000 or \$15,000. Mr. Leavitt and Mr. Weston both testified that the lands were sufficiently valuable to redeem every dollar for which they were thus pledged, and that the low figure for which they were sold to Leavitt by Boynton, was not to be considered any index to their real worth, inas-

much as the sale at that price was regarded by the parties as an equitable adjustment of some previous transactions, in virtue of which Boynton considered himself honorably bound to treat Leavitt with liberality. Whether the property was a veritable basis on which to negotiate the loan of \$20,000, or such part thereof as could be obtained, does not appear however to have been very seriously discussed by the gentlemen concerned in the negotiation. Mr. Weston tersely expressed the whole transaction when he informed the Committee that "he and Leavitt armed Peck with the notes and the mortgage and told him to enter the financial market and make the best fight he could"

All these shifts for raising money for the Canada operation, were based on the hope and expectation that by July 1859, the mill would commence running and that the rapid sale of lumber immediately ensuing, would finally provide some cash means a little more tangible and reliable than accommodation notes, which Mr. Peck himself declares to have been in many instances, of "a doubtful character." Disappointment, however, was in store for the unfortunate company, and instead of having the mill completed in July, it became evident that a postponement to the autumn was inevitable. This state of affairs was one of peculiar hazard and embarrassment to all the parties interested, but more especially to the five who had advanced no money. Early in August they seem all to have known that up to that date Mr. Peck had advanced over sixty thousand dollars, and according to the terms of the Bangor agreement, printed on page 12 of this report, he could have called on each of his partners for his proportion in money, and unless the same was paid within three months after the notification, all claim to ownership or interest would have ceased on the part of Leavitt, Weston, Cushing, Hallowell and Smith. Had Mr. Peck taken this decisive step at this point, it is quite evident that the five persons named would have been compelled to pay him their several proportional parts of the large sum then expended, or else have surrendered by the first of November, all interest to the Canada property and have left him the sole owner thereof. Mr. Peck seems either not to have recognized his rights in the premises, or to have lacked the disposition and resolution to enforce them. The other parties, however, scented the danger to themselves, and perceived the necessity of placing the property

in such a position as would render it impossible for Peck to foreclose and secure his rights as guaranteed in the Bangor agreement. The anxiety felt and the plan conceived, are very well set forth in the testimony of the parties who acted as chief agents. Thus, in his testimony before the Committee, Mr. Leavitt said :

“In August last, Weston and I got uneasy, for we had furnished the \$20,000 worth of notes secured by mortgage, and by the agreement with Peck we were liable to lose all our interest in the Canada property unless we paid in three months, if called on, our full proportion in the whole operation. We could not realize out of the lumber. *Weston and I talked over a plan.* We went to Portland and got Peck to convey the property to Smith and Hollowell in trust. He also wanted Smith and Hollowell's notes for \$15,000 or \$20,000 to raise money, and we blended the two things together and he agreed to convey, and afterwards did convey to Hollowell and Smith. Weston made the writings.”

Mr Weston in his testimony, given before Leavitt's, agrees substantially with him. He says :

“We supposed in August that the Canada concern had absorbed about \$60,000. I had no knowledge that any other person than Peck had paid anything. We were conscious that Peck was getting into figures beyond his alleged ability to carry *and we wanted to plan for him.* Leavitt and myself went to Portland in August. There was no especial necessity for the transfer to Smith and Hollowell being made at that time or because any particular sum was then needed. It was upon a general survey of what would be needed before long Peck did not object to the transfer when Leavitt and I went to Portland. It had for months been foreseen by us that the property must be hypothecated if we did not get relief from lumber.”

The “plan” which Leavitt says he and Weston talked over, and which they appear to have jointly devised, was for Peck to convey the Canada property to George R. Smith and A. R. Hollowell, and take from them an obligation to reconvey when certain notes, which said Smith and Hollowell were to furnish him, should be paid. In other words Hollowell and Smith were to furnish their notes to Peck for \$15,000 for the purpose of procuring funds by their discount—that to secure these notes Peck was to convey the Canada property to Hollowell and Smith to be held in trust by them—they giving an obligation to reconvey when the notes were paid by Peck. This “plan” was urged upon Peck by Leavitt and Weston, and at Portland on the 23d of August, assented to by Peck. From that date

Weston, Leavitt and their associates had the property placed beyond Peck's control, and themselves relieved from the liability of forfeiture imposed upon them by their Bangor agreement of July 29, 1858. The following is a copy of the paper which Peck received from Hallowell and Smith, and which was written by Weston on the "plan" agreed upon between himself and Leavitt:

[COPY.]

PORTLAND, August 23, 1859.

We have this day received a conveyance from B. D. Peck of the property and timber limits on L'Assumption river, conveyed to him on the 10th July, 1858, by Edward Scallan, together with the logs cut last winter, on said limits, and the logs bought of Edward Scallan, and of the mill lot, mill and booms at Repentigny, said conveyance being agreed to be perfected hereafter according to the laws of Canada

This is to acknowledge that the above conveyance is made to secure us for our notes for fifteen thousand dollars, furnished and agreed to be furnished for the accomodation of said Peck, and we agree to hold and manage said property for the following purposes, after securing ourselves against said notes. First, we will apply the proceeds of the logs to the expenses of sawing them. Second, we will hold the balance of the proceeds to repay said B. D. Peck for all his advances, with interest and charges, for the concern known as the "Ottawa Lumbering Company," and also to reimburse any other member of said company, who has made or shall make advances for it, in cash, or securities, subject to the above charges. We hold the property itself to be reconveyed on request to said Peck to be held by him for himself and as trustee for others, as he has heretofore held, and until we reconvey to him, we hold it charged with the rights in it which he has stipulated in favor of ourselves and other partners. And we agree not to sell the property without the assent of all the members of the "Ottawa Lumbering Company" and that we will not hypothecate it without the assent of said Peck.

Signed: A. R. HALLOWELL.
GEO. R. SMITH.

The consideration nominally set forth in the conveyance made by Peck was \$40,000, but the real consideration is defined in the instrument just quoted. The notes furnished by Hallowell and Smith amounted in reality to \$21,500, and both these gentlemen assert that there was a verbal and honorable understanding that the whole amount was to be secured in the same manner that the payment of the \$15,000 above described was guaranteed.

From the time that this transfer was made, the "financiering" of the company assumed a bolder and more reckless aspect. The official checks of the Treasurer seem to have been considered a very available species of negotiable paper, and according to Mr. Peck's testimony, Leavitt disposed of \$30,000 or \$40,000 worth of them in the course of three months. Weston testified that he had disposed of but one check of this kind, and that it was understood that "the principal *dickering* in this line was done by Leavitt." Some of these checks were made payable at a future day, and some on presentation, but in all cases where the latter kind were negotiated, it was with the understanding that the buyer should retain the check a specified time before asking payment. Leavitt himself furnished the following statement of the official checks of the Treasurer that were discounted by him directly, or by persons to whom he entrusted them. They were all embraced, it will be observed, within a very brief period—negotiations of this kind not commencing as a regular business till about the first of September, 1859.

Date.	On what Bank.	Discounted by	Amount.
Sept.	Suffolk.	Edwin Clark.	\$1,675
Sept.	Suffolk.	Clark, for G. W. Pickering.	2,000
Sept.	Suffolk.	(Not known,)	1,675
Oct.	Suffolk.	Walter Brown.	1,675
Oct.	Suffolk.	H. E. Prentiss.	1,675
Oct.	Suffolk.	Walter Brown.	2,000
Oct.	Suffolk.	Veazie Bank.	2,000
Nov.	Peck's note & ch'k.	" "	837 50
Nov.	Suffolk.	J. Wyman.	1,675
Oct.	Suffolk.	Geo. R. Smith.	1,675
Nov. 21.	Market	Joab Palmer.	1,675
Nov. 21.	Traders.	Holyoke & Co.	1,675
Dec. 20.	Suffolk.	Norombega Bank, Smith.	2,000
Dec. 22.	Canal.	Norombega Bank, Smith.	2,000
Dec. 22.	Suffolk.	Norombega Bank, Smith.	1,675

\$25,912 50

Of this sum total of \$25,912 50, there remains unpaid \$10,700, the amount of the last six checks in the above schedule—which checks are part of the assets of the Norombega Bank. In the por-

tion of the Report referring to that Bank a more particular history of the checks will be found.

Mr. Leavitt states that in the summer, before any of the above checks were negotiated, he had procured a discount on one or two of Mr. Peck's official checks at the Norombega Bank, the avails of which, as was his custom in these transactions, were handed to Mr. Peck. He also stated that the \$1,675 check discounted by Prentiss was carried to that gentleman by Weston, and the one of \$2,000 discounted by Walter Brown was carried by Hallowell—though the money came back to him and through him to Peck. In reply to the inquiry by one of the Committee as to the cause of so many of these checks being for the odd sum, \$1,675, Mr. Leavitt said he could not pretend to assign any positive reason therefor; but he intimated that possibly there might have been a little desire on the part of those negotiating them, to abolish the identity and individuality of the several checks; that if they were all drawn for different amounts, each one would have a name and character of its own, but so many being thrown on the market for a peculiar sum, three or four might be flying about with the reputation of being but one. As the credit of the parties interested would remain good in proportion to the moderate extent to which it was expanded, there was an evident motive in deluding the financial world by this clever artifice. The same trick was evidently attempted in the notes of Leonard Jones and Treat & Co., which were given in sums remarkably similar both to sight and sound. (See pages 15, 16)

It would be quite needless to trace the numerous shifts made by Mr. Peck to procure discounts upon the notes furnished him by his partners. All such movements were but temporary in their nature, and in each case postponed but a short time the *raid* upon the Treasury funds—with the additional chagrin of having lost the discount and exchange which a direct seizure of the State's money would have saved. He used his official check upon the Suffolk as the chief mode of transmitting the large amounts to Mr. Cushing in Canada, and his efforts to procure discounts were all directed to the end of keeping funds in Boston to meet his heavy drafts. His account at the Suffolk Bank instead of representing the natural and proper business of the State Treasurer, has rather the aspect of a Broker's account while hard run to keep up his credit under the

pressure of a panic The same exhibition is found in some of the Banks in this State to which more particular reference is made under the proper head.

Mr. Cushing as Agent of the Company was charged rather with the duty of disbursing the funds than with providing them, and in four instances only, according to his testimony, was he concerned in negotiations for the raising of money. In two instances he got Peck's note discounted, at a Bank in Montreal, for \$1,800 in all, and on Dec. 10th and 20th, he drew on him, Peck accepting as Treasurer, for \$5,000 each time, and remitted \$9,000 of the avails to Peck in bank checks on New York. Peck acknowledges the receipt of the \$9,000, and alleges that it went in the financial maelstrom into which he was drawn at the close of the year, being applied to the taking up of his checks negotiated by different persons or to the payment of notes on which he was endorser.

The Committee have to report the somewhat remarkable but very uniform declaration on the part of Mr. Peck's five partners, that not one of them had any idea he was using State's money. It is but fair that each of these gentlemen should enjoy both at the hands of the Legislature and the public, whatever advantage disclaimers of this kind may afford. The Committee accordingly report the exact words of the witnesses as they were taken down.

Mr. Weston expressed himself thus :

"I wish to make this general asseveration upon the whole case from the beginning to the end. I never knew, or suggested, or expected, or desired, or suspected that Mr. Peck was using for our concern in Canada, a single dollar of the public money. Whether I had reason to suspect it is a matter of argument, but I never did suspect it. I supposed the means we furnished him and what was furnished him by his Portland friends was added means to his own means, and that Neal Dow had aided him for these purposes. * * * * Mr. Smith being introduced to the Company furnished large quantities of money. Let Peck have it. As it is said, stole the money from the Norombega Bank and let Peck have it—as it were, shoveled it out to Peck."

Mr. Leavitt was fully as ignorant of State's money being used as was Mr. Weston. In his testimony before the Committee Mr. Leavitt said :

"I never knew or suspected that Peck was using State's money. I supposed Peck, with the Portland notes and checks discounted in

Bangor, and the Bangor notes and checks discounted in Portland, had enough to carry on the Canada operation. He had credit and could easily procure discounts on such paper as we gave him."

Mr. Hallowell said in his testimony :

"I never knew he was using State's money, but suspected it about a fortnight or three weeks before he failed. I supposed his friends assisted him, but I did not know who his friends were. I supposed he could get money from his friends' endorsement on their notes."

Mr. Cushing said :

"I never supposed Peck was using State's money, though I had fears he was using State funds in October, the amount was so large, but my fears were quieted by Hallowell and Leavitt, who said he was helped by his friends—that is, using Hallowell's, Leavitt's and Weston's notes, and notes of his Portland friends."

Mr. Smith testifies in a similar vein. He says :

"I don't know that I suspected Peck was using public money in Canada till December. When I say I don't know, I mean that I don't recollect. I never assisted in raising money for Canada. All the money Peck got of me, he got on official checks. I think there was one instance in which he had some of our bills and paid them to Cushing to carry to Canada. I don't recollect how he got the bills."

While adhering to these declarations, these gentlemen, one and all, acknowledged that they had no reason to suppose Peck possessed private means to any considerable amount—the highest estimate ventured by any one being some ten thousand dollars, and this an unreliable "guess" without any foundation. At the same time, they all knew that the very first payment on the Canada property had been made with official checks on official funds, and that of necessity the payments that fell upon Peck afterwards, must have been met with money from the same source. Mr. Leavitt in one breath tells the Committee "he never knew or suspected that Peck was using State money," and in the next breath confesses to have negotiated nearly thirty thousand dollars of Peck's official checks as Treasurer. If the funds on which the checks were drawn had not been public funds, why the need of making the checks official? The Committee have no desire to bandy contradictions with Mr. Leavitt or any other witness, but they could hardly help feeling that his declarations, and some others with which they were favored on this topic, were little less than an insult to their intelligence. The theory of these gentlemen was, that Peck could be furnished with notes, and that these notes could be discounted, and when they

matured they could be met by other notes discounted, and so on, with one hand washing the other, until that good time when five millions of lumber in a rising market, would usher in a financial jubilee and produce a general liquidation. They never seem to have taken any heed or care of their notes after they were put in Peck's hands—relying on him to watch for them at maturity, and leaving him in a position where continued protests or systematic depredation on the public money were the only alternatives. He chose the latter with apparent readiness, and pursued it to his destruction.

When the crisis arrived, and Peck was exposed as a public defaulter, he tried to place something in the hands of his bondsmen wherewith to meet the liabilities incurred by their position, and he made to them a transfer of all his interest in the Canada property. But upon attempting to take possession, the first stumbling block was the trust deed to Hallowell and Smith on the plan devised by Weston and Leavitt, and on which, demands from the Norombega Bank, other than those specified in the "Bond," were persistently preferred; next was the amount still due to Scallan; next a claim of Lane, Stephens & Co., of Montreal, for some \$12,000, for which the property was under attachment; and lastly, numerous claims from parties in Canada for provisions, &c., to carry on the business. In short, the property was so embarrassed with conveyances and trust deeds and claims of various kinds, that the bondsmen were fain to relinquish all title to it, and to release Peck from all liability on their account, by being put in possession of unencumbered real estate to the supposed value of \$30,000. Further reference to this transaction will be found under the head of the "Paulk lands."

The parties therefore left in possession of the Canada property upon the payment of the Hallowell and Smith notes, of Peck's arrearages at the Norombega Bank, of the balance due to Scallan, and of the various Canadian attachments upon it, are Dudley F. Leavitt, A. R. Hallowell, George M. Weston, Theophilus Cushing, each one sixth; George R. Smith one-twelfth, and the whole company owning in proper proportion the one-fourth that belongs to Peck. Such is the *finale* of the Canada operation—remarkable, at all events, for being the chief cause of the defalcation which has robbed the people of Maine of so large a sum of the public money.

LOAN OF MONEY TO BONDSMEN.

Mr. Peck was State Treasurer for the three political years 1857, 1858, and 1859, and his bondsmen were respectively as follows :

1857.	1858.	1859.
Neal Dow,	Neal Dow,	Neal Dow,
St John Smith,	Ezra Carter, Jr.,	J. B. Cummings,
Saml. E. Spring,	Isaac Dyer,	Sewall C. Chase,
Ezra Carter, Jr.,	Allen Haines,	S. F. Hersey,
Isaac Dyer,	Thomas Abbott,	Walter Brown,
Danl. E. Somes,	J. B. Cummings,	C. O. Fanning,
J. B. Cummings,	William Chase.	Henry Hill,
William Chase,		Michael Schwartz,
V. C. HANSON,		Chas. D. Gilmore.
Sewall C. Chase.		

From the first, Mr. Peck seems to have been in the habit of accommodating such of his bondsmen as called upon him for loans, though his operations of this kind were not so frequent as they probably would have been, had he not had such pressing demand for the surplus in the Treasury for his own private speculations. The following is a complete list, so far as the Committee could ascertain from Mr. Peck, of all the bondsmen that have ever had the use of the State's money :

EZRA CARTER, Jr., in 1857 borrowed some \$4000 and paid it back according to promise, without interest.

ISAAC DYER, bondsman in 1857 and 1858, borrowed moderate sums at different times, from \$2000 to \$3000 at a time. Always paid back as agreed.

WILLIAM CHASE and V. C. HANSON jointly borrowed in 1857 some \$6000, and repaid it according to appointment.

SEWALL CHASE borrowed in 1859, \$1000 or so at different times, and once had \$3000. Always repaid promptly.

DANIEL E. SOMES was a borrower from Peck the first year (1857,) to a considerable amount, but according to the testimony of the latter, paid it nearly all back before the last of December. He still owed, however, some \$2000 or \$3000, which, as Peck says, was made up by having notes, with their names on, discounted. Peck paid these notes at maturity, early in the ensuing year, (1858) and

thus *Somes* remained his debtor on the account of 1857. This indebtedness was very speedily and largely increased by fresh loans from *Peck*, during the winter and spring of 1858, and at the close of the year *Peck* had the notes of *Somes* for the following sums :

Three notes	dated	April 20,	1858,	\$500 each,	\$1,500
One	"	"	June 4,	"	800
One	"	"	" 10,	"	500
One	"	"	" 10,	"	1,000
One	"	"	July 3,	"	500
One	"	"	" 10,	"	500
Two	"	"	" 10,	" \$1000 each,	2,000
One	"	"	" 10,	"	500
One	"	"	Aug. 10,	"	1,000
One	"	"	" 26,	"	1,000
One	"	"	Sept.	"	400
One	"	"	" 15,	"	1,000

The dates of these notes, according to the concurrent testimony of *Peck* and *Somes*, does not represent the times at which the loans were actually contracted. *Somes* says in his testimony before the Committee :

"I got considerable of the money in the winter of 1858, and afterwards renewed the notes. Some of them were renewed the last of September, but dated back of that date but forward of the old ones. Some of them had been renewed and some of them had been matured a long time. I think I had \$800 of him about the last of September. The last money I had before that was in May or June, 1858. * * * * * I did not give notes to *Peck* or assist him in raising money during the latter part of 1857, or pay him any except what I owed him. I settled with *Peck* and paid him up either just before or just after the close of the year 1857."

The last portion of the statement just quoted, conflicts in some degree, with the testimony of *Peck* already given. The morning after *Mr. Somes* gave the testimony just quoted, he again appeared before the Committee, and made a revised and condensed statement of certain points, in the following language :

"I made all these notes the latter part of September—on the day the note for \$2,000 at Atlantic Bank was dated—or all except those dated April 20. *Mr. Peck* said to me in 1857, it had been customary for the bondsmen to have use of State money without interest, and that he should let other bondsmen have money. I

asked him if that would be legal. I had \$2,000 of him in bills, after that conversation, for which I gave note, but think I paid him interest. Am not aware this \$2,000 belonged to the State Treasury. I now remember that immediately after his election, the question came up between me and Peck, whether he could lend money to his bondsmen. We examined the law, and Peck concluded that if he could not loan the money, he could deposit the money in banks, and get his private paper discounted at 6 per cent. and loan it for a larger interest. I generally paid him something more than 6 per cent."

It would seem from this statement, to give it the most charitable construction possible, that Mr. Somes and Mr. Peck had a consultation, and examined the statutes to see by what artful dodge the obvious requirements of the law could be evaded. Mr. Somes therefore maintained in his testimony that he always supposed when Mr. Peck loaned him money, that it was obtained by discounting his own note with B. D. Peck's endorsement, in such banks as were favored with State deposits. Granting this to be true when the notes were first given, it is obvious according to the admissions of Mr. Somes that his renewed notes were given after the originals had matured and been paid by Peck, and that it was quite manifest these notes must have been paid by State money. Mr. Peck says the money paid to Somes on the original notes was State funds in many instances, though Somes did not himself draw them from bank with an official check. Peck himself, in most instances, handed the money directly to Somes. This point, however, is quite immaterial, inasmuch as the Committee can but conclude that Mr. Somes, when he renewed his notes in September, knew positively and perfectly that the previous notes had been paid with State funds. Any other supposition would attribute to Mr. Somes a lack of the most ordinary intelligence, and would involve as flat an absurdity as the assumed ignorance of the Canada speculators on the same point.

The Committee do not intend to charge Mr. Somes with having obtained the money without intention to repay it. They only aver that he was the borrower of State funds from B. D. Peck and that the sum has not been repaid. In the month of October, 1858, Mr. Somes failed in his business and is understood to be hopelessly insolvent. When the crisis arrived, he seems to have made some feeble effort to protect Peck by a mortgage of some property to secure the payment of the notes held by him, and Peck supposed for

a time that he was secured, in part, if not altogether. The security, however, proved to be of a mere paper character, inasmuch as previous mortgages, given to other creditors, absorbed all the avails of the property exhibited by Somes.

The Committee questioned Mr. Somes very closely as to whether he had used any of the money borrowed from Peck for political uses. His denial of any such use of the money was emphatic and comprehensive.

NEAL DOW was one of Mr. Peck's bondsmen during the three years that the latter was Treasurer. As soon as Mr. Peck was installed in office, Mr. Dow says in his testimony, that he learned of his intention to loan the State funds with a view to his private emolument, and he at once cautioned him on the subject, and earnestly enjoined him if he loaned the money at all, "to let no one have it except on such security as would command its return in an hour when called for." Mr. Dow considered loans to himself to be of this safe character, and accordingly in April, 1857, just before he sailed for Europe, having need, as he says, of some \$3,000 or \$4,000 to meet some notes maturing at the Manufacturers & Traders' Bank, he borrowed that sum from Mr. Peck. As security for re-payment, Mr. Dow gave his own check on the Manufacturers & Traders' Bank, endorsed by Eben Steele—having made arrangements with Mr. Steele to pay the money whenever Mr. Peck should call for it. Mr. Dow considered this as good as the cash in Mr. Peck's hands, and he says Peck was to hold it, if at all convenient, until his return home in the Autumn. In point of fact, however, Dow says that Peck collected it of Mr. Steele within a very brief period after Mr. Dow's sailing for Liverpool. Peck utterly denies that he made any arrangement whatever in regard to the time the check was to be kept, and that in reality he did not call on Mr. Steele until after Mr. Dow had been absent some two or three months. This point, however, is immaterial, and both parties agree that this was the only financial transaction between them during the year 1857.

In 1858, towards the middle of the year, Mr. Dow again borrowed a sum of money from Mr. Peck—not exceeding \$4,000. At the end of the year when Mr. Peck was getting ready to close his accounts, Mr. Dow repaid in cash what was due from him. It appears

by the joint testimony of Peck and Dow, that during this year the former had frequent occasion to use the latter's endorsement, and that in this way Peck was in the habit of raising money whenever he had occasion to do so.

At the beginning of 1859, in Mr. Peck's third year of office, when Mr. Dow was again about to sign his bond, he says: "I entreated him not to let any body have money without security that would command its re-payment immediately, and to let no one have money without letting me know, so that I might judge of its safety." Within a few ensuing months, Mr. Dow borrowed from Peck at different times, a sum total of \$11,500, with the admitted knowledge that it was State funds. As an evidence of the indebtedness he gave Peck his memorandum checks on the Manufacturers & Traders' Bank, with the understanding that when the money was needed he (Dow) should be notified, and immediate arrangements would be made for payment. During the autumn Peck called on Dow at different times with these checks, and gave them up—taking at same time Dow's endorsement on certain of his (Peck's) notes for similar amounts. Peck alleges that he took these endorsements because Dow was not prepared to pay the money, while Dow says that Peck never asked for the money, but proposed himself to take the endorsements, as they would answer his purpose just as well. When the checks had thus all been taken up in exchange for the endorsements, Dow gave Peck a paper reciting the amount and date of the several checks, how they had been taken up, and acknowledging if Peck took care of the notes thus endorsed by him, he (Dow) would remain Peck's debtor to the full amount of the checks already described. The sum total of the notes thus endorsed was \$10,805, thus lacking \$695 of the full amount of the checks for which they were exchanged. The notes were all endorsed during the months of October and November last, and did not mature until January and February of the present year. Mr. Dow alleges that Peck assured him that the avails of the notes were to be applied to Treasury uses, and that every time Peck applied for his endorsement, he specified some particular demand of the Treasury which rendered the need of money just then imperative. Peck does not admit this assertion of Mr. Dow to be true, and in reference to the actual use made of the money by Peck, the evidence before the Committee would go to show that

the State had no advantage therefrom. Early in December, after all the foregoing notes were endorsed and checks taken up, Dow became the guarantor for Peck, of a draft of A. R. Hollowell at the Manufacturers & Traders' Bank for \$2,000—on Peck's representation, as Dow alleges, that Hollowell was perfectly sound and reliable. Towards the close of the month, when Peck's real situation began to show itself, Dow grew uneasy about the Hollowell draft, and as a self-protective measure, procured from Peck certain conveyances of property to save him from loss. These conveyances, according to Peck, were as follows:

Peck's house worth \$6000, less \$2500 mortgage,	\$3500
Three notes of Brown Thurston for \$2300, endorsed by Dow, with three years' interest, and secured by mortgage on printing establishment worth \$10,000,.	2714
Note of Hezekiah Dodge, \$4500, three years' interest,	1770
Household furniture put in at \$750, worth more,	750
Horses, carriages, &c.,	350
	<hr/> \$9084

Mr. Dow's account of what he received as security, differs materially from the foregoing statement. He makes out the following schedule:

Deed of Homestead, value,	\$5500
Mortgage,	2500
	<hr/> \$3000

When the deed was given, it was supposed there was an attachment of \$2500, thus leaving a margin of but \$500 real value.

Notes against Thurston,	\$2900 00
Less agreeably to memorandum,	1574 62
	<hr/> \$1325 38

Thurston is unwilling to pay more than \$600, and will contest.

Notes against H. Dodge, about	\$1500
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He will not pay more than \$500. Has put his property out of his hands.

Furniture, \$600 or	\$700
Horse and Chaise, 250 or	275
	<hr/> \$975

TOTAL—House,	.	.	.	\$3000
Thurston,	.	.	.	600
Dodge,	.	.	.	500
Furniture,	.	.	.	700
Horse, &c.	.	.	.	275
				\$5075

As Mr. Dow, at the time the transfer was made, had, as he alleges, the best reason to suppose that an attachment of \$2500 was upon Peck's house, it is quite evident, according to his showing, that he received security only to the amount of \$2575, instead of \$9084, as represented by Mr. Peck. With the \$2500 additional of unsuspected value in the house, Mr. Dow, according to his own admission, now holds \$5075 of Peck's property in his hands. Peck farther alleges that as the Hallowell note on which Mr. Dow was guarantor, has been taken care of by other parties, (see page 24) all the property in Dow's hands is there without any specified consideration, and that in point of fact, Dow was under obligation by an instrument in writing, to re-convey the property when the note was provided for, and that this paper was taken from his safe together with other articles, as will be more fully explained in the course of a few pages. Mr. Dow, however, finds in his own judgment, equitable and legal reasons for retaining the property as partial compensation for the large losses inflicted upon him by reason of his liability as one of Peck's bondsmen, and in other modes that will be more clearly set forth in the progress of this Report. Mr. Dow's ground is, that when he took the property he considered it little enough security for the specific object for which it was conveyed, and though it has since proved to be more valuable, and the note it was given to secure has been otherwise provided for, yet the development of events has given him a valid claim on even a great deal larger amount of Peck's property, if there was any to be laid hold of. The Committee regard all these questions as entirely beyond their sphere of adjudication, and they mention the position of the parties thereto just as they have respectively testified.

During the various and thickening difficulties around Mr. Peck, at the close of the last and the beginning of the present year, Mr. George H. Shirley of Portland, acted as an agent and friend of Mr.

Dow; going to Bangor, Augusta and other places, on errands connected with business precipitated on Mr. Dow by the defalcation. Mr. Shirley was in Bangor at the time of Mr. Peck's arrest, Jan. 4th, trying to secure for the bondsmen, a transfer of the Canada property held in trust by Hallowell and Smith. Peck held various papers from Scallan, of vital interest in the matter, and he had agreed to give them up whenever needed. They were in his private safe at his residence in Portland, and he entrusted Mr. Shirley with the duty of getting them therefrom and applying them to the proper use. For this purpose, when Mr. Shirley was parting from Mr. Peck, he handed him the safe key with instructions, as Peck testifies, to remove the papers relating to the Canada property, *but to touch nothing else in the safe*. Mr. Shirley's testimony before the Committee, on this point, was in these words:

"On parting from Mr. Peck, January 4th, he handed me the key of his safe, requesting me to take out the papers relative to the Canada lands, as necessary to any transfer that might be made. On the evening of January 5th, went to Mr. Peck's house, took tea with his family, and told his wife that I had come to examine some papers in Mr. P.'s safe. Mrs. Peck, her son and daughter, went to the safe with me. I took from the safe the papers relating to the Canada lands, all the memoranda, some three or four in number, relating to Mr. Dow's transactions, and a deed of certain timber lands in the town of Smyrna. Went immediately to Mr. Dow's house and delivered to his wife (he being absent in Augusta) the papers relating to transactions with Peck, and requested her to carefully preserve them."

Mr. Shirley denies that Peck gave him any positive instructions as to the other papers in the safe, and he admits that he made a pretty thorough examination of the contents. The day after he had removed these papers, Shirley went to Bangor to confer as Mr. Dow's agent, with the other bondsmen, about going to Canada and taking the title from Hallowell to the Canada lands. Shirley says he took the deed of Smyrna lands, that he had removed from the safe with him, hoping to find Peck (who was still in jail) in proper disposition to convey the same to his bondsmen. He found him, however, in a different mood. Shirley says—"I found he was determined to throw himself into the hands of Leavitt and Co., and that he meant to look out for himself." Another part of Mr. Shirley's testimony is pertinent and interesting. He says:

One of the first things Peck asked me was, "*where is my safe key?*" He then asked me what I had done with his papers? I

equivocated about the key. I had it with me, but finding him disposed as he was, I desired to hold on to it. I did not let him have the key as I was trying to get property for the bondsmen, as I was employed by them. He asked me about the other papers besides those relating to Canada? if I had done anything with Dow's memoranda? I told him I had taken them and given them to Mrs. Dow, Mr. Dow being absent at Augusta. He made no objection and seemed perfectly satisfied. That night he gave me power of attorney to convey the Canada lands to bondsmen. When I met Peck afterwards in Augusta, he upbraided me for having taken the papers."

Mr. Peck specifically and positively contradicts Mr. Shirley's testimony touching the papers in the safe. He denies that any such conversation as that related by Shirley took place, and in the strongest manner affirms that he never directly or indirectly gave permission to Shirley, or any one else, to remove any papers from the safe except those relating to the Canada lands, and that his special injunction was just the opposite. There is the most glaring untruth somewhere between the parties.

On Saturday, January 7th, Shirley, A. R. Hallowell, and Walter Brown, started from Bangor for Canada, accompanied as far as Danville Junction by Mr. Chase, one of the bondsmen. Shirley, Brown and Chase seem to have conversed a good deal as they went along, about the safe. Brown pressed Shirley to know what was in it, and S. replied: "I think there are papers of importance, but I don't feel like divulging." Brown was still more eager to know, saying, "There must be something valuable in the safe, because Peck and Leavitt show so much anxiety about it." Shirley says that he "advised to let things alone till he should get back to Portland." At Danville Junction, Mr. Chase's brother met the company, and a farther consultation seems to have resulted in a determination to advise the seizure of the safe, and a telegraphic message was accordingly sent to the bondsmen in Portland to get possession of it. After Mr. Shirley reached Island Pond, same evening, he received a dispatch from Mr. S. C. Chase in these words: "Where have you put the key? It may be wanted." Mr. Shirley had the safe key with him, and in response to the dispatch, let him tell his own story:

"I wrote a letter from there (Island Pond,) to Mrs. Dow, saying I enclosed a key belonging to a safe which Peck had sold Mr. Dow; that

Peck had let me have it on honor, and that I would like to have her keep it and let no one see it until it was called for."

Mr. Shirley further said that "when the Legislative Committee came to Portland, (referred to on page 4,) Mrs. Dow had the key, and it was delivered up."

When the Portland bondsmen received the dispatch in regard to the safe, it appears in evidence of Messrs. Dow and Stackpole, that these gentlemen accompanied by a sufficient force of men and a team, went in the evening to Mr. Peck's residence and removed the safe against the earnest protest of his wife—she declaring that Mr. Peck had written her that no one must have access to it. Messrs. Dow and Stackpole had, however, as they aver, consulted eminent counsel, (Messrs. John Rand and Edward Fox,) and they felt justified in seizing the safe, on the ground that it contained papers of possibly great value to the bondsmen, and which those engaged with Mr. Peck in his improper speculations might seize and misappropriate. Under these circumstances the safe was removed and placed that night in the room of the Merchants' Bank, and afterwards taken to the Manufacturers & Traders' Bank. The safe had been transferred from Peck to Dow, by bill of sale, with other furniture, and was afterwards transferred by Dow to that bank. Mr. Stackpole declares that he did not see the safe opened until he did it himself in presence of the Legislative Committee, (see page 4,) and has no reason to believe that any one had access to it between the time when Shirley opened it and when he himself removed the papers under proper authority. Mr. Stackpole's testimony on this point is of course negative, except as refers to himself. These facts, together with those detailed on the first few pages of the Report, contain every noteworthy circumstance connected with the removal of the safe and the taking of papers therefrom.

Mr. Dow in his testimony before the Committee affirmed and repeated, that when he endorsed the notes for Peck to the amount of \$10,805, it was clearly understood that the money to be obtained thus was for Treasury purposes, and that Peck so stated without qualification. Furthermore, that the paper he gave to Peck was simply an acknowledgement of his obligation to pay the notes, and stating that if Peck paid the notes at maturity he (Dow) would still be his debtor to the full amount borrowed of him. Mr. Dow further

stated that he had destroyed this paper—removed from Peck's safe by Shirley—and that his motive in so doing was "that he did not desire his name to be mixed up in any way with the matter." Mr. Dow's own language on some of the points just referred to, was as follows :

"Mr. Peck assured me at the time, and has assured me since, that all the money received on these notes went into the Treasury. The memoranda taken from Mr. Peck's safe by Mr. Shirley were acknowledgments of my obligations to pay the notes to which I have referred, and were valueless against me, when I had discharged the obligations thus imposed. I could have paid the money just as well as given the endorsements, but Mr. Peck preferred the endorsements. * * * I knew nothing of it when the memoranda were taken from the safe by Shirley. I told Peck I wanted these memoranda before he went to Bangor, and afterwards Shirley told me Peck had requested him to get them for me. * * I should think I had not paid any of my endorsements for the \$10,805 when I destroyed the memoranda."

Peck's contradiction of Shirley's statement in the above paragraph has already been given. He also flatly denies that he expressed a preference for the endorsements, but that he really asked for the cash, and Mr. Dow could not conveniently raise it, and that then he took his endorsements as the next best thing.

After Mr. Peck's defalcation became a recognized fact, and after Mr. Dow had destroyed, as he admits, the memoranda of his indebtedness, he proceeded to pay the notes on which he was endorser, amounting in the gross to the sum of \$10,805. He did not wait for the maturity of any of these notes, but anticipated them all, and took them up during the month of January. As the sum total of these notes did not equal the amount of State funds he had borrowed from Peck, viz., \$11,500, Mr. Dow early in the month of February paid the difference, \$695, into the Treasury. Even granting that the avails of the notes had gone into the Treasury, and that the State's money was thus properly restored, Mr. Dow does not seem, in this calculation, to have taken into account that the discount on the notes must have been something, and that less than their face was realized upon them when they were first disposed of by Peck. This discount, according to Peck, at the rate the notes were disposed of, amounted in the aggregate to \$299, and this sum, even conceding the correctness of the hypothesis on which Mr. Dow acted, would obviously be due from him.

The Committee, however, could not admit that this mode of payment to the State was in any respect proper or satisfactory. There was no evidence before the Committee to show that the avails of the notes had ever gone to the benefit of the State. Two of the notes, amounting to \$5,000, were purchased by I. P. Farrington of Portland, and the proceeds, so far as the evidence shows, applied by Peck to the payment of other paper which was then coming upon him most rapidly. Another of the notes for \$2,805 was given to Hinckley & Egery of Bangor, for machinery furnished to the Canada mill. The fourth note, for \$3,000, was discounted at the Market Bank, Bangor, and the proceeds carried to the credit of the State on the bank books; though Peck, at the time, told the president of that bank that he wished it so credited because he was about to take a similar amount of State funds from a Portland Bank for the purpose of transmitting it to Canada, and that the note was really discounted for the benefit of the Canada concern.

Under these circumstances, the Committee have been forced to conclude that the payment of these Peck notes by Mr. Dow, cannot be regarded as the payment to the State of the money borrowed from the Treasury. The loan was an improper and illegal one in any aspect, as Mr. Dow and Mr. Peck must both have known, and no subsequent barter of notes could in any way be considered as an equivalent to the State—and least of all when the weight of evidence touching the proceeds of these notes, goes to show that the Treasurer did not apply them to public uses. The Committee, therefore, have concluded that the whole sum of \$11,500 is due from Mr. Dow to the State, and they have to report that he has paid \$8,500 of it into the Treasury, as will be seen by the following letter addressed to the Committee:

STATE OF MAINE.

TREASURER'S OFFICE, }
 Augusta, March 3, 1860. }

To the Investigating Committee:

GENTLEMEN:—Neal Dow, Esq., has paid into the State Treasury, \$695 in money, and has deposited to my credit in Portland, the sum of \$7,805, which sums are credited on the books of this office to deficiency account of B. D. Peck, late Treasurer.

Yours Respectfully,

NATHAN DANE, *Treasurer.*

By WM. CALDWELL.

Mr. Dow's reason for not paying the whole \$11,500 is that he considers the avails of the \$3,000 note, on which he was endorser and which he has since paid, as a fair credit to him, inasmuch as the sum was carried to the credit of the State in the Market Bank, Bangor, where the note was discounted. The Committee deem it proper to let Mr. Dow define his own position on this point, and accordingly insert a letter which he addressed to the Committee :

PORTLAND, March 2, 1860.

HON. JOSIAH H. DRUMMOND, *Chairman, &c., &c.*

As you are aware, Mr. Peck, the late Treasurer of State, deposited in my hands the sum of \$11,500. In payment of this amount, at his request, I endorsed his notes from time to time upon his assurance that he wanted the proceeds for the use of the State. These notes I have since paid ; and I supposed that my personal obligations were thus discharged. But I am now informed that only \$3,000 on the proceeds of a note of this amount were paid to the State by Mr. Peck. And though I have paid the whole amount once, as eminent legal counsel are of the opinion that I am still liable to the State for the balance, I have deemed it proper to pay into the Treasury the sum of \$8,500.

In regard to the \$3,000, as I have not only paid the note, but the State has received the proceeds of it, I am advised that I am not liable to pay it again. But if the Justices of the Supreme Judicial Court are of the opinion that I am liable, I will pay that amount also into the Treasury, without litigation or expense.

Respectfully yours,

NEAL DOW.

The Committee have already expressed their opinion of the question of liability, and have recited the grounds of their belief that the proceeds of the note referred to did not go to the benefit of the Treasury.

PECK'S DEALINGS WITH DIFFERENT BANKS.

The numerous discounts obtained by Peck at different Banks in the State, and the facility with which he was enabled to raise money without being himself a responsible man for any considerable amount, but solely on his credit as State Treasurer, formed no small link in the chain of causes which precipitated his defalcation and destruction. In according to every one, therefore, his full share of blame in this matter, those bank officers who accredited Peck's private name simply because he was State Treasurer, thus leading him, in the end, to appropriate the public funds in order to maintain a financial standing purely fictitious, deserve no small

degree of public reprobation. His transactions with different banks will be given somewhat in detail :

NOROMBEGA BANK, BANGOR. From the testimony before the Committee, it appears that Mr. Peck commenced keeping an account with this bank in July, 1858, but that during that year nothing of a specially censurable character took place. With the exception of discounting his official check on the Suffolk Bank, at the close of the year, for \$4000, which Peck used on making up his accounts with the State, the Committee find nothing to condemn in the conduct of the Norombega officers that year—and there is no evidence to show that they then knew what the money was wanted for. In the spring of 1859, however, Mr. Peck commenced a series of transactions with the bank, but more especially with its cashier, George R. Smith, of the most disreputable character. His associate and adviser in the business was Mr. Dudley F. Leavitt, who seems also to have been the agent in consummating many of the objectionable negotiations.

The first considerable transaction with the Norombega was their taking Peck's check on Suffolk Bank for \$6000, giving him the money therefor and holding the check until it suited his convenience to take it up. This transaction was not considered a discount, and was not carried to the books as such. The check was counted as cash, and the cashier alleges that it was taken with the knowledge and assent of some of the directors, but not at one of their meetings. Peck paid no interest on this \$6000, the consideration being the deposit he kept in the bank. Shortly after, however, he had a check of \$10,000 cashed in the same way, and on this amount he paid interest. This was to be held the same way the other was, and to be paid the same way, and the transaction had the approval of several of the directors—not one of them indeed objecting, according to the testimony of Mr. Smith. Besides these checks so unwarrantably cashed by the authority of the bank, Mr. Smith alleges that he gave Mr. Peck some \$7000 or \$8000 of the bank's funds during the summer of 1859 without any knowledge whatever on the part of the directors, and without making any entry of the fact on the bank books. Peck gave his checks to Smith, and the latter says:—"Peck agreed to take the Norombega bills and not let them come back until he paid the checks." It appears that as

the October examination of the directors approached, Mr. Smith grew very uneasy in regard to the money which he had secretly loaned to Peck. The latter, however, by deposits at the Bank of Mutual Redemption, and other expedients, succeeded in saving himself and Mr. Smith from merited exposure. As soon, however, as the critical day was passed, the criminal game began afresh, and Mr. Smith advanced money on these spurious securities until, according to his own account, he had \$16,300 of them on hand. In regard to the parties negotiating them, Mr. Smith says :

“Peck did not personally negotiate with me all the checks I took previously to Dec. 1, 1859. Mr. D. F. Leavitt negotiated the rest. I understood that Leavitt was acting as Peck’s agent.”

Mr. Leavitt seems to have been entrusted by Peck with official checks “in whole batches,” to be used as exigencies required. As illustrating this point, Mr. Leavitt in his testimony said :

“After the Norombega Bank blew up, I let Smith have all of Peck’s checks I had on hand—amounting to \$7,350. This was after the Receivers took possession.”

Mr. Leavitt thus explains his reasons for surrendering these checks to Smith :

“Before the Norombega Bank failed, Peck sent for me to get him \$3,000 of their bills, which I got and sent to him, but then gave no check for it. The Monday before it failed, I got \$1,500 to pay a note of Hallowell and Smith’s at Boston, and gave no check then. After the failure, I gave Smith these checks, amounting to \$7,350. I got, as above stated, \$4,500 from the bank, leaving an excess of \$2,850 in Peck’s checks, on which no money has been paid, and on which Peck has received no money.”

In addition to the checks thus negotiated by Smith without any authority whatever, Peck obtained from Schwartz, the President of the bank, a discount of time checks in December, amounting to \$5,000. This transaction was understood to have the approval of the directors, and the three checks, \$1,500, \$1,500, and \$2,000, given for the amount, were made payable respectively on the second, fifth, and sixth of January, 1860—thus obviously to be provided for out of the treasury funds of the present year, should Mr. Peck succeed in retaining his control of them. The money thus advanced to Peck was not entered as part of the loan of the bank, but the checks were counted as cash on hand.

On the 22d of December, according to the testimony of Mr. Schwartz, the president, Mr. Peck came to Bangor for another loan.

He gave him the most positive assurances of his re-election, and promised for the next year to keep a better deposit in the Norombega than he had previously done. Mr. Schwartz, however, could not be induced to grant a fresh loan to Peck, but after farther conference, was prevailed on to exchange checks with him for \$12,000, Peck telling him that he wanted the check for one day only. Schwartz gave his check to Peck for that amount, and Peck gave Schwartz his check for the same sum. Peck at once proceeded to the cashier with Schwartz's check; had the amount passed to his credit and a certificate of deposit for the same, together with the deposit then in his favor, was at once given him by the cashier. Later in the day Schwartz put in Peck's check, and the \$12,000 with which he was credited a few hours before was again charged against him. The bank was thus neither loser nor gainer to the value of a cent, but Peck had a certificate of deposit which made him appear a great deal better for the time at the treasury office in Augusta. After this transaction was completed, Schwartz and Smith talked it over and agreed according to the admission of both, that the certificate was to be used by Peck "in making his balance good at the treasury." There is no evidence, however, going to show that Mr. Schwartz had any knowledge whatever of Peck's real situation, or that he meditated being any party to the fraud which was thus attempted. He assented to the arrangement without apparently comprehending its real scope, and all his fears were quieted, he says, by Smith, who systematically deceived him both in regard to Peck and the bank. The transaction, however, in itself is too culpable to admit of any apology or extenuation.

The books of the bank, exhibited to the Committee by the Receivers, reveal other serious discrepancies—inexplicable on any presumption of honest intent on the part of Peck or the cashier. For example, on the 16th of November, the books show a balance of \$3545.07 against Peck, and in carrying the account to a new page he is credited with 3669.22—without any intervening entry on which the change from debtor to creditor could have been based. On Dec. 24th, some credits and debits intervening from last date, there appears to have been a balance to his credit of \$3174.68, whereas, by honest addition and subtraction, he was at that date indebted to the bank in his regular account in the sum of \$4039.71.

which the Receivers now claim from him. These entries, therefore, clearly exhibit a fraud upon the bank of \$7214.39.

There is some discrepancy between the statements of Smith on the one hand and the Receivers on the other, as to the gross amount of Peck's checks in the bank, but this the Committee have not felt called upon to arbitrate, inasmuch as the settlement of it belongs rather to the bank than to the treasury. The Receivers allege that they found \$9000 of Peck's checks in the vaults of the bank, that \$15,475 were afterwards given up by Smith—making a sum total of \$24,475. The sum total acknowledged by Smith as being in the bank, was \$21,300. There was also a dispute between Peck and Leavitt as to the number of these checks that were "run in" to the Norombega without any equivalent being received. Leavitt's statement is given on page 39. Peck testifies that Leavitt said to him, "I gave Smith about \$9000 in checks, *to save his neck.*" A part of this, Peck allows to have been due, but a large portion is disclaimed. An exact settlement of the issue is unimportant for the purposes of this investigation. Leavitt testified one way and Peck the other, and the Committee do not feel called upon to take sides with either.

Francis W. Hill, of Exeter, one of the directors of the Norombega, but who was entirely ignorant of Peck's transactions with the bank, testifies to several interviews with Peck after his defalcation became public. Hill showed him the schedule of checks as held by the Receivers, (\$24,475,) and says :

"I told Peck that I thought his first obligation was to protect Smith, the cashier, because his bondsmen had signed with a knowledge of their liability, but that he had asked Smith to rob the stockholders of the bank, by going there secretly and asking Smith to lend him money without the knowledge of the directors; knowing as he (Peck) did, that it was a transaction that might ruin Smith and make him a candidate for the State Prison."

Hill further says that Peck assented to this and admitted that his first obligation was to take care of Smith and he would do so. But Peck's testimony on this point contradicts Hill as follows: "I told Hill that I considered the claim of my bondsmen on me before any other, and I told him that I should consider my first duty in any event to save myself from State Prison."

Speaking further of their interview, Hill says :

“Peck then picked out some \$12,000 in the schedule of checks, and said he did not feel under the same obligation to pay them as the others. I asked him why? and he said he would tell me if I would say nothing about it. He then said those checks (\$12,000 worth) were not negotiated by him but by Dudley F. Leavitt, though he presumed he had the money. The balance of the checks except one lot of \$5,000 from Schwartz, he had himself from Smith, but not in Bank loans.”

Mr. Hill, after Peck's confession as just given, had an interview with Leavitt and says :

“I told Leavitt he must respond to the bank for the \$12,000 of checks. I told him *I saw his foot in the trap*. Leavitt said there were others who had their feet in the trap with him, and that they should be equally held to answer. I told him what Peck said about the checks and he did not deny it.”

Peck's uniform and persistent asseveration to the Committee has been, that his real debt at the Norombega was \$8,000, and that he had never received the proceeds of any of his checks beyond that. Leavitt and Smith tell a different story but the Committee do not feel called upon to decide a question of veracity between these parties. Leavitt asserts that he always paid the proceeds of the checks to Peck, whereas Peck positively declares that Leavitt negotiated a large number without accounting to him for the money. Peck denies that he ever admitted to any one that his *bona fide* debt at the Norombega exceeded \$8,000. The case in the judgment of the Committee is not susceptible of a definite conclusion, and therefore they do not pretend to have arrived at one.

In addition to the amount thus raised by checks, Peck had notes discounted at the Norombega, between July, 1858, and October, 1859, to the amount of \$15,752 73—\$3,455 11 of which was over due and unpaid when the Receivers exhibited the books to the Committee. The notes were generally of an inferior character though some of them bore good names. The great majority, however, would not be considered responsible, and were made valuable only by Peck's endorsement, which in turn derived its strength solely from his official position. The settlement that has been, or is to be, effected between the Bank and the various parties to these transactions, is no part of the business of this Committee—their duty being fully discharged in pointing out, as they have done, the

evil agency of the Bank in affording facilities to Peck to get money which in the end made a fraud upon the Treasury a natural sequel.

The evidence before the Committee, clearly established the fact that Messrs. Drummond, Hill, Donahoe and Field, of the Board of Directors, knew nothing whatever of Peck's objectionable transactions with the Norombega.

MECHANICS BANK, PORTLAND. Of this bank, Mr. Peck says in his testimony :

"My checks, as Treasurer, have been discounted somewhat extensively by the Mechanics Bank. Some of these checks were dated ahead, and others were made payable on presentation, but the bank agreed to keep them for a specified time. These transactions date back to 1857, but have been more frequent within the past year."

Allen Haines, President of the bank, testified thus :

"Peck's account in our bank, as Treasurer, was open throughout the whole three years. He had different notes, sundry ones, discounted, and proceeds carried to the credit of the State. He sometimes endorsed these notes as Treasurer. I do not know that he was authorized to do this, but supposed the State was held. I thought the money was needed for the purposes of civil government."

It appears that Peck was in the habit of procuring discounts in this way, and after the money was carried to the credit of the State, he would check it out for his own purposes, by checks payable to bearer, or to his own order, or to the Eastern Express Company, or in some way that did not define the destination of the money. His carrying the money to the credit of the State, was a mere *ruse*, and one so transparent, indeed, that it is hardly credible that the officers of the bank should not have seen through it. The bank is highly censurable for ever discounting a piece of negotiable paper with Peck's name as Treasurer upon it, as such a transaction is, in all respects, indefensible and illegal.

Without remarking farther upon the general practice of this bank, or calling attention to the numerous improprieties thus committed, it is proper to direct the attention of the Legislature to one specific transaction of so grave a character as, in the opinion of the Committee, to demand redress, immediate and effective. It appears upon the joint and accordant testimony of Mr. Peck and of Mr. Haines the president, and Mr. Stephenson the cashier, that some time in the early part of the past autumn, Mr. Peck presented to the bank, for discount, the note of George R. Smith and A. R. Hal-

lowell for \$2,000, payable at the Suffolk Bank, Dec. 24th—27th. It was payable to Peck's order, and he proposed to endorse it. He left the note for the conference of the bank officers, and when he returned to learn its fate, he was told that he could have it discounted if, in addition to the endorsement of "B. D. Peck," he would also endorse it as "B. D. Peck, *Treasurer*." Mr. Haines said to the Committee :

"I would not take the note without the endorsement of "*Treasurer*." I would not myself have taken it nor considered it satisfactory, with the simple endorsement of "B. D. Peck."

Mr. Peck seems very readily to have assented to the condition, and the note was accordingly endorsed "B. D. Peck," and "B. D. Peck, *Treasurer*," and the proceeds entered to the credit of the State whence they were speedily drawn out on some such check as already described. At the time of this discount the State already had a deposit in the Bank of several thousand dollars, and it is therefore absurd to pretend that the money obtained on the note was possibly needed for any exigency in the Treasury. When the note fell due and was sent to Boston for collection, Peck was out of funds and it was accordingly protested and returned to the Mechanics Bank on the 28th of Dec. On the 29th, Mr. Dow, one of Peck's bondsmen, called on Mr. Haines and told him, according to Mr. Dow's testimony, that Peck was in trouble pecuniarily and requested him as a measure of safety both to the State and the bondsmen, not to honor any more of Peck's official checks upon any deposits that might be in his Bank to the credit of the State. It was in evidence before the Committee also, that at the time Dow thus advised Haines, Peck's defalcation was a matter of common street talk in Portland, especially known in financial circles. Instead of paying heed to Mr. Dow's request, Mr. Haines seems to have construed it into a hint to make an effort in some way to get payment on the note. Accordingly about tea-time of the day in which Mr. Dow had made his request, Haines and Stephenson, the President and Cashier, called on Peck, and as Peck says, found him "all broken down," and demanded payment of the note. They informed him that the State had a deposit of something over \$1,100 in their Bank, and after much pressing, as Peck says, they obtained from him an official check for precisely \$1,100, and wanted one for \$900

on some other bank which Peck, having used nearly all the surplus of the State funds, was unable to give. Finding the next day that the exact sum to the credit of the State was \$1,168 70, Peck says that either Stephenson or Haines, can't remember which, called on him for a check for the balance, of \$68 70, which he absolutely refused to give.

Remembering that Peck's name as "Treasurer" was put on this note at the instance of the Bank; that it was put there wrongfully and without any authority of law; that the idea of the money being needed by the State, or even being in any way used for the State's benefit, is a singular pretense; that the \$1,100 was obtained from Peck after the Bank was duly apprised that Peck was a defaulter, and indeed after that fact was notorious as far as Portland was concerned; remembering all these facts, the Committee have unanimously concluded that the \$1,100 was obtained without law and without right, and they therefore recommend that repayment thereof be demanded of the Mechanics Bank, and that it be enforced in the most summary manner.

TRADERS' BANK, BANGOR. A very large number of time checks and checks to be held by agreement, were taken by this Bank from Peck as Treasurer, and it is understood that some \$7,000 remain unpaid—mostly drawn on the Suffolk. Peck's transactions with this Bank in the way of procuring discounts on notes, were also pretty extensive—all the negotiations being intrinsically based on the credit he enjoyed from his position, and the Bank accommodating him in consideration of the advantage it gained from the deposits which he made of the Public funds.

The City Bank of Biddeford, on several occasions, has discounted the time checks of the treasurer, or checks to be held for a specified period before presentation for payment, however dated or worded, and has, by discounts, afforded Peck large facilities in obtaining the use of money.

The International Bank of Portland, has also discounted the same kind of spurious paper.

The Manufacturers' and Traders' Bank of Portland, has discounted private paper on which Peck was interested, and taken his official time check, on the Suffolk, as collateral security.

The State Bank of Augusta, on one occasion, took Peck's official

check on the Suffolk in payment of a private note, and then held the check, by agreement, for a long period, according to Peck's testimony. Col. Stanley, president of the bank, stated that the period was not very long, according to his recollection, and that the check was kept as it was, to oblige Peck, and without any compensation whatever.

The State Bank and Augusta Bank, of Augusta, and the Market Bank, of Bangor, have each, according to Peck's testimony, given him indirect compensation for the favor of deposits. The Market Bank made him, on two occasions, a small cash present as an allowance of interest on the sums deposited there.

These are all the transactions with banks which the Committee deem of sufficient importance to embody in their Report. The inference is quite plain, that the banks, without so designing, have materially assisted in the work of depleting the treasury. The inflated credit which they gave to Mr. Peck, when he was entirely undeserving of it from any resources legitimately at his command, led him to the giddy heights whence a fall was inevitable. The idea of a *direct* seizure of the State funds for the large speculations on which he entered, does not seem to have been a part of Peck's original calculations, but after he was once launched on the great scheme of "credit," there were lapses continually occurring which enforced the use of the State funds, to avoid the alternative of the fatal "protest." He had paper discounted in large sums, with no hope of the makers responding at maturity—leaving him to stand alone at the critical moment, or go through the damaging process of renewal with equally inferior notes. Weston testifies that "he made a sweep of \$10,000 at one time, in Bangor," on paper mostly of the character just described. The witness adds, however, that "that was a lucky day," and of course is not to be taken as a sample. The Committee may desire to offer a law which will effectually prohibit banks from indulging in practices, which, in this instance, have led to such ruinous consequences.

TREASURER'S PAPER DISCOUNTED BY PRIVATE PARTIES.

In the course of the investigation, numerous financial transactions between private parties and Mr. Peck, as Treasurer, were disclosed. Many of these were of a highly objectionable character, and deserve

the same exposure and censure bestowed upon the banks, for their improper course. Some of these may be told in the language of the parties themselves. George H. Shirley of Portland, made the following statement:

"On the 26th of August, 1859, Peck asked me for my note, for \$2,000 for five months, offering as security, his official check, dated ahead, five months, perhaps, or bank bills, as security. I gave him the note, and took his check. A few days after, I told Mr. Peck that I preferred the bank bills, and wished to exchange his check therefor, whereupon he took up his check, and gave me \$2,000 in Norombega Bank bills. The note was due January 26, 1860, but on Nov. 14th. Mr. Peck came and took up the bank bills and gave me my note."

Mr. Shirley detailed several other transactions between himself and Peck, of a somewhat similar nature with the foregoing, though none of sufficient importance to be repeated in this report.

William R. Porter of Portland, in his testimony before the Committee, says:

"Peck told me in August last, that he had just had a discount at Bangor, and the condition was that he should not use the bills at once. I took some \$2,000 of Norombega bills from him, and gave him other money in exchange, taking his note for the amount. Shortly after, took a similar amount from him, and continued discounting his paper until I had loaned him some \$8,000 or \$9,000. Was to keep the Norombega bills from 30 to 60 days, and charged Peck at the rate of one per cent. a month, for the exchange. Charles Holden, Ezra Carter, Jr., and I. P. Farrington, were the parties who furnished the funds for these operations. My profit was merely one-quarter per cent. brokerage, and the one per cent. a month, went to Holden, Carter and Farrington"

From these disclosures of Messrs. Shirley and Porter, it is quite evident what disposition Mr. Peck made of the Norombega bills which he obtained in such an illegal mode from Cashier Smith. The Committee understood Mr. Porter to say that a large part of these bills still remains with these gentlemen. \$1500 with Carter, \$2500 with Holden, and \$3,000 with Farrington.

Mr. Porter further stated in his testimony, the following fact:

"Some time in October last I negotiated a note for Peck with Smith and Hallowell as makers, and Peck endorser, for \$1,500, maturing in December. Charles Holden took this note, with Peck's official check on the Suffolk as collateral security, charging one per cent. a month. The note was paid at maturity."

Mr. Porter dealt largely in Peck's paper during the months of October and November—in some instances purchasing on his own account, but more frequently for the gentlemen already named. In

this way he discounted Peck's note, endorsed by Neal Dow, for \$2,500; S. C. Chase's note, endorsed by Peck, for \$1,000, and M. G. Palmer's note, endorsed by Peck, for \$1,500. Mr. Porter testified "that Mr. Carter and Mr. Holden were special friends, and had great confidence in Mr. Peck." They do not seem, however, to have been able to accommodate Mr. Peck with all the money he needed, and accordingly Mr. Porter procured a discount of Hallowell and Smith's note for \$2,000, Peck endorser, at the Great Falls Bank, N. H., taking Peck's official check as collateral security; charge one per cent. a month and brokerage.

Mr. Porter advanced to Mr. Peck of his own funds \$2,000 on one occasion on a check on the Traders' Bank, and at another, \$1,000 on a check on the Bank of the State of Maine, both of which, though payable on presentation, were kept some time by agreement between him and Peck. Rates of charge the same as on notes. In November, Mr. Porter says he agreed to deposit \$1,500 for Peck at the Suffolk, taking a time check from him on another bank as security. Mr. Porter thus describes his motive and reason for so doing:

"Peck told me he was in a tight place; friends who had his money were loth to pay; banks were hard up; taxes came in slow; Caldwell was boring with a big auger on the Suffolk for State uses; interest coupons were running in with fearful speed, and all he wanted was a little lift to get him over a difficult place."

From "motives of friendship," Mr. Porter says, he advanced the \$1,500, charging but a small exchange on the sum, whereas, in every other instance, he had charged him one per cent. a month and brokerage. He says this is understood to be "the usual rate in Portland, and that Peck told him it was higher in Bangor." Prior to August '59, Mr. Porter says he had no financial acquaintance with Mr. Peck, though he had known him personally for some years. He says he was induced to negotiate his paper rather from "motives of benevolence," than from other considerations. Mr. Porter was asked by the Committee at what figure he estimated the total amount of interest, brokerage and commission he had received from Peck during the four or five months he was dealing with him. He could not give any specific answer, but promised to send an exact account to the Committee, which he has failed to do. His only

assertion was that it was less than a thousand dollars, though it must amount to several hundreds. At same rate with other brokers, it is quite evident that Peck's estimate of the amount paid for interest and exchange, is rather under than over the true figure.

Walter Brown, of Bangor, had one or two transactions of considerable magnitude, with Peck. One was the sale to him of a draft on Boston, in October last, for \$12,500, for which, Peck paid him a premium of about \$100. In November following, Mr. Brown loaned Peck \$5000, on his official check, agreeing at the time to keep the check on hand, and give Peck full opportunity to repay. Within the few ensuing weeks, Peck paid a portion on the debt, and, at the time of his defalcation and exposure, still owed something more than \$2000 upon it. On the 30th or 31st of December, Peck went to Bangor, and his condition, as a public defaulter, was then a matter of such general notoriety as to have become a topic of newspaper comment. As soon as he arrived, Mr Brown had an interview, and procured from him his official checks on several banks in Bangor, and that vicinity, for such amounts as the State then had on deposit in said banks. The sums thus procured by Mr. Brown, were on checks dated as follows, and on the following banks :

Dec. 30th,	Market Bank,	.	.	.	\$392 85
" "	Stillwater Bank, Orono,	.	.	.	215 54
" "	Lumbermans Bank, Oldtown,	.	.	.	1111 11
" 31st,	Bank of State of Maine,	.	.	.	52 89
" "	Kenduskeag,	.	.	.	1000 00
" "	"	.	.	.	60 00
					\$2832 39

In every instance, the balance to the credit of the State was swept clean, and the only reason why Mr. Brown did not get more was because there was no more to get. In one case, at least, the check was sent to the bank without being filled, with the request that the cashier would insert whatever amount stood to the credit of the State, and pay it to the bearer. Under these circumstances, the Committee must express the opinion that Mr. Brown did not obtain this amount, \$2,832 39, in a rightful mode. He knew that Mr. Peck was a defaulter; he knew that the State was already defrauded of a very large amount by Mr. Peck negotiating these time checks

on one of which, his claim was based, and he should have known that he had no claim whatever upon the State for repayment. Mr. Brown says in defense, that when Peck got the \$5,000 of him in November, in Traders Bank bills, he said it was for State uses, and even promised that it should be paid from the Treasury at the rate of only \$800 a week; but the Committee have to repeat that there is no good evidence of a single dollar of it ever going to the benefit of the State, and they do not conceive that any of Mr. Peck's personal promises could give Mr. Brown any claim whatever on the State for payment of obligations thus incurred by him. The Committee regard Mr. Brown's receipt of these sundry checks at the time and under the circumstances, as precisely parallel to the case of the Mechanics Bank, and they therefore recommend the same course already suggested in regard to that. Mr. Brown should be held to restore the whole amount of \$2,832 39, without any delay, and if there is any refusal, the most expeditious remedy afforded by the law should be at once resorted to for its recovery.

A case of somewhat similar character is presented in regard to an official check of Mr. Peck's on the Suffolk Bank, sold by D. F. Leavitt about the first of November to J. Wyman, Cashier of the Market Bank, Bangor. Wyman purchased this check on his own account, was to hold it for a rather undefined period, perhaps into the year 1860, at a certain rate of compensation. He got it through a channel which he must have known was not properly authorized to be dealing in Treasurer's checks, and he held it in his possession for several consecutive weeks. During the last week in December, when Mr. Wyman heard of Peck's difficulties, he sent the Suffolk check to him and exchanged it for one on the Market Bank, where from his official position he knew there was a balance to the credit of the State. A new check was thus given by Mr. Peck though it was ante-dated, and with this check Mr. Wyman paid himself out of money belonging to the State. Knowing as he did when the check was issued, that Peck was a defaulter, and asking for it indeed because he *knew* he was a defaulter seizing this chance then or never, as he supposed; Mr. Wyman should be held to repay the \$1,675 into the State Treasury, and the Committee make the same recommendation touching his case that they have suggested in regard to that of Mr. Brown and the Mechanics Bank. The same princi-

ple applies equally and equitably to all three of them, and the same remedy should be enforced.

The names of other parties that have dealt in these time checks of the Treasurer, or checks which were to be kept a specified time before presentation, may be found in the schedule of those negotiated by Mr. Leavitt—given on page 20.

“PAULK LANDS” AND “SMYRNA LANDS.”

In the foregoing portions of the Report, reference has been made to the “Paulk Lands” and “Smyrna Lands,” and it may be necessary, in order to render all the points intelligible, to make a brief reference to the part these lands have been made to play in the transactions connected with the Treasury Defalcation.

The “Paulk Lands” are some 37,000 acres of timber land, in the counties of Somerset and Penobscot, purchased of G. L. Boynton, by Leavitt and Weston, in May, 1859—and deeded, by request, to Abner R. Hallowell. The sum to be paid was \$15,000, and \$2,000 furnished by Peck was paid in cash, \$13,000 settled by notes secured by mortgage on same property. Hallowell, acting under the direction of Weston and Leavitt, then mortgaged the lands to Peck, in order to aid him in the negotiation of \$20,000 worth of notes. The notes were those of Leavitt and Weston, payable to Peck, and the avails were to be used in the Canada operation. Weston says it was understood between them that Peck could raise on these notes some \$12,000, and the whole design seems to have been to use the lands as the means of raising money for other speculations.

The “Smyrna Lands,” in the county of Aroostook, were made the basis of another transaction, quite similar to the one just referred to. Boynton and Bradley agreed to sell them to Leavitt, for \$5,000. Peck furnished the funds for the purchase, and the 16,000 acres of land were deeded to him. Weston says, in regard to this matter:

“Leavitt and I satisfied Mr. Peck that it would be for his interest to furnish the \$5,000 and take a deed of Smyrna, and upon his unencumbered title to that body of land, he could raise two or three times as much money in Portland. We procured the statement of sundry persons as to the value of these lands—among others, that of Watson Dyer, nephew of Isaac Dyer of Portland.”

Mr. Weston says, that having satisfied Peck of the expediency of making the purchase, the requisite funds were raised on four notes of Peck’s, which were discounted, and which he paid at

maturity. Mr. Weston further understands, that "Peck, in the flurry of his failure, conveyed away his interest in the Smyrna Lands, to Treat & Co., and got back his \$5,000." Leavitt says that "the whole transaction, so far as Peck is concerned, off-sets itself," as he paid \$5,000 and got \$5,000 back.

It is understood that in the various negotiations that have been in progress between Peck's partners and his bondsmen since January 1st, the Paulk lands have fallen into the hands of the latter, in exchange for their surrender of all hold on the Canada property. Peck's connection with these transactions was obviously to have the large tracts of land for use, as pawns on the chess board, in the dashing game of finance he was engaged with others in playing; and these explanations are made rather for the purpose of simplifying former parts of this report, than because the transactions themselves contained any thing worthy of special and separate investigation. They were indeed but side-plays to the grand drama enacting in Canada.

WAS MONEY USED FOR POLITICAL PURPOSES?

Every witness that came before the Committee on any topic connected with the defalcation, was interrogated as to whether he had any knowledge of Peck's using public money for political purposes. All told the same tale with very great uniformity. Weston, Cushing, Hallowell, Leavitt, Smith, Somes, Stackpole, Dow, Stanley, and every one else, asserted with unequivocal plainness, that to their knowledge no State Funds had been contributed to political uses or for the Temperance cause. Mr. Stackpole was Treasurer and Collector of the Maine Temperance Association during the entire period of Mr. Peck's official service, and he never knew him to pay but \$25 in that time, and that was to aid Mr. Sinclair, the Scotch gentleman who lectured to children on Temperance. None of the other witnesses had knowledge of a single dollar going for any such purpose from Mr. Peck, whether from his private means or the public Treasury. Mr. Peck himself, in his testimony before the Committee, made the following statement on this topic:

"I think I have paid during the three years I was Treasurer, about \$400 in all, for political uses and for the Temperance cause. My assessment by the Republican State Committee was \$60 in 1857, \$100 in 1858, and \$60 in 1859. Then I paid some small sums at different times for election purposes in Portland, and once gave \$25 to the Temperance Association—in all, amounting as I have

said to about \$400 for the three years. I never paid from the Treasury directly or indirectly, a dollar to promote Somes' election, and have no reason to suppose the money I loaned him was used for election purposes. I know he used it in his business. I never loaned E. B. French a dollar, directly or indirectly, of private funds or public funds—nor to any other person for him directly or indirectly. I have never paid a dollar directly or indirectly for Stephen C. Foster, either personally or politically. I think I once let a member of the Republican State Committee in Portland have my check in favor of Jas. S. Pike for a certain sum of money, less than \$1,000, which he was remitting to the Eastern District. He paid me the same sum precisely, in Portland, that I gave him my check for. The transaction is one that is often done to oblige a friend. This is the only transaction of any kind in which I remitted money to the Eastern District, and I would have given my check on the same terms to any gentleman that had asked for it."

About the same time that Mr. Peck was giving the foregoing testimony to the Committee, the following paragraph appeared in the Bangor Daily Union :

"WHY NO REPORT?—The people are all out of patience that the Investigating Committee of the Legislature, on the defalcation of the late State Treasurer, do not report. Rumor is now rife that the Committee mean to spin the matter out until the close of the present session, and then let the whole matter go over to the next Legislature, in order that the Black Republican party may not have the damning record to contend against during the Presidential campaign. We fear that there is too much foundation for this rumor. Relying on the strength of it, a poor nincompoop, who signs himself *D. W. Briggs*, has written to the Eastport Sentinel denying the truth of our recent statement that Peck had used thousands of dollars of the State's money in the Congressional campaign of 1858. Our authority for the statement is reliable; and more—we have *good* authority for stating that Peck's defalcation to the State, will reach \$100,000 instead of \$94,000, as reported by the Committee, and that his outside checks will amount to another \$100,000, for which the State is not responsible."

The same paper, a few days before the appearance of the above paragraph, had stated the amount contributed by Peck to the election of Somes, to have been \$13,000, to the election of French, \$8000, and to the election of Foster, \$4000. From the confident tone in which these statements were made,—being declared to be "reliable," and put forth "on *good* authority,"—the Committee were induced to believe that, possibly, the editor of the *Union* might possess information which would convict Mr. Peck, not only of having expended the public money in the corrupt manner alleged, but also of testifying falsely touching these important points. The Committee, therefore, conceived it to be their duty to call on

the editor of the *Union*, Marcellus F. Emery, Esq., for his information, and they accordingly summoned him to appear before them on the 16th of February. The substance of Mr. Emery's testimony is as follows, taken down as he delivered it :

"All the knowledge I have of the matter, is from rumor. I have no personal knowledge. My sources of information are such as I should not be willing to report. The matter about Peck's using money for political purposes, was mere rumor. I have no definite information about it, but it is an inference from facts which I have heard. No one who has ever communicated with me, has pretended to have personal knowledge, or any definite information of the matter. I did not suppose when I wrote the article, that my informant had any personal knowledge or definite information about the matter. I understood it was report he had heard. He gave me the source of his information. I respectfully decline to give the name of my informant, or to give the name he gave to me."

As Mr. Emery, in the face of this series of negations and unqualified confessions of ignorance touching the whole matter, still maintained that he should feel himself justified in repeating the charges contained in his article, the Committee thought it advisable to require the names which he had just declined to give ; for as these gentlemen, whoever they might be, possessed sufficient knowledge to convince Mr. Emery, the Committee thought it quite probable that they would prove of material service in ferreting out this matter. Accordingly the Committee voted to require the names, and Mr. Emery not wishing to give them, and being anxious, as he said, not to commit a "contempt," he asked an hour to consult counsel as to his legal rights and obligations in the premises. The Committee at once granted him three hours and adjourned to suit his convenience. When the Committee met again, Mr. Emery appeared, and while declaring that he did not believe he could be legally compelled to answer the question addressed to him, he yet thought it expedient and prudent to do so, and would therefore give the names under protest. He then informed the Committee that D. M. Howard, of Bangor, was his immediate informant, and that Howard's authority was a letter which he had seen from Col. Geo. W. Stanley, of Augusta. Mr. Emery informed the Committee that Howard had no more information than he had himself, but that Col. Stanley, he presumed, had. Mr. Emery further suggested that if the Committee should call on Louis O. Cowan, Frederic A. Pike, and Jas. S. Pike, some important information on the point involved would doubtless be elicited.

Anxious to obtain all possible information, the Committee at once resolved to summon Col. Stanley before them, and that gentleman appeared, and gave the following testimony, *verbatim* :

“I have no knowledge that Mr. Peck has spent any money for political purposes since his election. Do not know that he has furnished any money to any person for any such purpose. In my letter to Bangor, I conveyed no other information touching facts than such as Mr. Peck had himself communicated to me ; and that was simply that *Somes* was his debtor to a certain amount. Peck did not state that *Somes* had used the money for political purposes. My conversation with Peck was in the jail at Bangor. Have no knowledge of money being contributed by Peck, directly or indirectly, in the Congressional elections of the first, second or third district, in 1858. I have heard, can't remember from whom, that Peck had sent \$1,000 to Mr. Pike, for sixth district, but have no personal knowledge of the matter.”

Col. Stanley seemed to be no little surprised that he should have been quoted as authority for the article in the *Union*. He stated that his business led him to write quite frequently to Bangor, but that in no letter had he made any more specific charge touching the point in question, than he had just recited to the Committee.

The Committee summoned Louis O. Cowan, and F. A. Pike, to appear before them, and addressed the proper questions to Jas. S. Pike, by letter, with the view of eliciting information from them, on the points concerning which Mr. Emery was sure they would be fully advised.

Mr. Cowan stated that he did not know of any money being contributed by either Peck or *Somes* in the Congressional canvass of 1858—that “*Somes* never gave, loaned, or sent him a dollar.” That the only money he received during the whole canvass was \$85 from the County Committee in payment for printing, and other expenses, actually incurred, and the bill of which he exhibited. *Somes* corroborated this statement, so far as he could, alleging that Cowan did not receive a dollar from him. Mr. Cowan stated that in the autumn of 1858, at the State Fair, Peck had loaned him \$50, and held his note for that amount, which he considered himself bound to pay ; and that at other times Peck had loaned him small sums, making in all, from \$125 to \$150. These sums, from some intimations from Mr. Peck, he had been led to regard as a gift in consideration of the friendly relations between them, and of the misfortune which had overtaken him by his property being destroyed by fire. In answer to a question from one of the Committee, Mr. Cowan stated that he had not paid a single dollar on any mortgage

since 1857. Peck's testimony agrees with Mr. Cowan's on all these points.

Frederic A. Pike appeared before the Committee and testified that he did not know of any money being contributed by B. D. Peck in the Congressional election of 1858, or any other year. Mr. Pike's emphatic language concluded thus :

"I want my disclaimer to cover every possible point. I never knew or heard of contributions from Peck, personal or political, direct or indirect, in 1858, or any other year."

James S. Pike being absent from the State, the Committee did not deem it necessary to summon him, but instructed one of their number to address him in regard to the point in question, and to solicit from him an early response. In answer to the letter thus addressed, Mr. Pike wrote as follows :

WASHINGTON, D. C., Feb. 22, 1860.

JAMES G. BLAINE, Esq., Treasury Office, Augusta, Me.,

DEAR SIR:—I have to-day received your favor of the 16th inst., propounding the following inquiry to me :

"Have you any knowledge of money being contributed by B. D. Peck in 1858, to aid the Republican candidate for Congress in the sixth District, or any other District of this State?"

In answer, I beg to state that I know of no contribution for election purposes made by Mr. Peck, at any time or in any place, and I have no suspicion or belief that he ever contributed any thing to the sixth District in 1858, or at any other time. In regard to the other Districts, I have no knowledge whatever.

Very respectfully your obedient servant,

JAMES S. PIKE.

The Committee have thus been unable to find that a single dollar has been used by Mr. Peck, directly or indirectly, for election purposes, beyond the sum acknowledged by himself. Every witness, presumed from position and precedent to be able to throw light on this subject, has been summoned, and the result of the investigation is just what has been stated. There is an entire absence of positive evidence to sustain the charge, a superabundance of negative testimony to disprove it, and the most comprehensive denials and disclaimers on the part of all those, of both parties, who were alleged to have personal knowledge on the subject. The Committee have endeavored to probe this matter to the bottom, and their impartial conclusions are thus frankly and fully stated.

WHAT DID PECK DO WITH THE MONEY?

The Committee have extended their investigation in reference to

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the money used by Peck ; not only to the amount absolutely taken by him from the State Treasury, but also to that raised by the use of his name as Treasurer, affixed to drafts or notes. The following table will show the deficit, and also the amount raised by Peck outside of that, and also the parties to whom it is due—according to his own confession :

Deficiency to the State,	\$94,023 99
Owes Mr. Palmer, Portland,	5,000 00
Norombega Bank,	8,000 00
Traders Bank,	7,000 00
Check, Suffolk Bank,	500 00
Overdraft, Suffolk Bank,	1,075 25
In Canada,	9,000 00
Mechanics Bank,	900 00
Biddeford City Bank,	1,500 00
Manufacturers and Traders Bank,	2,000 00
Files and Emery, note at Traders Bank,	1,000 00
	\$130,002 24

This sum of \$130,002 24, Mr. Peck alleges to be the amount which he has obtained by virtue of his office of Treasurer, and which he has misappropriated as follows, according to his own showing :

DISBURSEMENTS.	
In Canada Operation,	\$82,673 60
Loaned to D. E. Somes,	10,700 00
Loaned to Neal Dow,	11,500 00
Expenses in 1857,	1,260 00
Expenses in 1858,	6,085 00
Expenses in 1859,	16,860 00
	\$129,078 60

“ *The Expenses in 1857* ” -of \$1,260, include simply his cost of living above his salary, together with such contributions as he made to churches, and to benevolent and political objects.

The “ *Expenses in 1858* ” are thus summed up by Mr. Peck :

Contributions for benevolent, political and other purposes,	\$400 00
Expenses of living, above salary,	1,400 00
Traveling Expenses, Interest Money and Exchange,	3,035 00
Lent Mr. Look, of Falmouth,	700 00
Small sums loaned to sundry persons,	550 00
	\$6,085 00

In reply to a written inquiry, submitted by Mr. Comstock, of

the Committee, Mr. Peck said that about two thirds of the \$3,035, in the above schedule, went for interest and exchange.

The "*Expenses in 1859*" were given by Mr. Peck as follows:

Contributions for benevolent, political and other purposes,	\$260 00
Paid on my house,	2,000 00
Expenses of living, above salary,	1,500 00
Repairs on House and purchase of Furniture,	2,000 00
Interest, Exchange, and Traveling Expenses,	6,000 00
Horse and Carriages,	500 00
Bad debts,	4,600 00
	<hr/>
	\$16,860 00

The Committee have been unable to gain any information of a definite character that would tend to disprove any of Mr. Peck's statements touching the amount of money raised by him as Treasurer, aside from the actual and known deficit on the Books of the the Office. The protests for non-payment of his obligations as Treasurer, that have fallen into the hands of the Committee, amount to \$19,364 12, whereas Mr. Peck's voluntary statements cover a sum nearly twice as great—\$35,978 25. There is, it is true, a serious discrepancy between Peck, Leavitt, and Smith, in regard to the amount actually realized by Peck from the checks in Norombe-ga, and the Committee have thought it best not to attempt a decision upon the interesting point of veracity between the parties, but to give each the benefit of his own statement, in its place.

With regard to the use made of this large sum of money by Mr. Peck, the Committee have to say that it is not accounted for at all to their satisfaction. The disbursements foot up \$923 64 less than the acknowledged receipts, and there are some large "lumpings" under the expenses of the different years, which the Committee would have been glad to see reduced to more precise specifications. From the careless and reckless manner in which Mr. Peck has been conducting his business, it is perhaps difficult for him to do more than give a tolerable "guess" at some items of his expenditure, and as the Committee had no mode, either of certifying or disproving the exhibit he made, they simply accept it as his own showing, and let it go on its merits as such.

The reason assigned by Peck for charging the Dow loan of \$11,500 among the disbursements, and not entering the avails of the notes, endorsed by Dow, among his receipts, is that Dow has his (Peck's) property in his hands to nearly the amount of those notes,

and that he will let these facts offset each other; inasmuch as he alleges that Dow has no claim on the property in his hands, except as a consideration for those notes—the paper which he originally guaranteed having been otherwise provided for. It will be observed, however, even admitting the justice of the position of Peck, that the proceeds of those notes, since paid by Mr. Dow, were considerably more than the property in Dow's hands, even according to the appraisal of Peck. The notes were given for \$10,805, and Peck realized from them, he says, the net sum of \$10,506, whereas he values the schedule of property in Dow's hands at \$9,084, leaving thus on his own basis of reckoning some \$1,422 wholly unaccounted for.

But it will be observed that while Peck loaned the "\$11,500" to Dow, he received back \$10,506 as the avails of the notes endorsed by Dow, and since paid by him, and that the property in Dow's hands which he exhibits as an offset, was either owned by him before he was elected Treasurer, or if since acquired, is included in the schedule of "disbursements" already given; so that the \$10,506 must be added to the amount received by him, thus increasing the gross sum to \$140,508 24, and leaving unaccounted for in his disbursements the sum of \$11,429 64.

It is proper to state that after Peck made his exhibit of "Receipts and Disbursements," he acknowledged to the Committee that he had paid one demand of \$200, one note of \$333, and a still larger debt of \$2,500, not included therein. He said that these sums had all been paid from his private means, obtained from the dues on his newspaper establishment, sold at the time he was Treasurer. The Committee have satisfactory proof, however, that one of these demands at least, (the first mentioned,) was paid by an official check; as to how the others were paid they have no evidence whatever.

The Committee interrogated Peck as to the amount of money still at his command, and his uniform assertion was, that he had not more than \$300 in the world. No evidence to the contrary came before the Committee, nor were the Committee able to ascertain what became of the amount unaccounted for by Peck.

With these corrections, and with a renewed expression of disappointment that Mr. Peck could not have been more specific in the account of his disbursements, the Committee proceed to examine:

TREASURY DEFALCATION.

THE DEFICIT OF 1858.

Mr. Peck furnishes the following schedule of his outlays in 1858, for which he drew on the State funds. The exhibit is more exact and therefore more satisfactory than those which have just been reviewed.

ADVANCED ON CANADA PROPERTY :			
T. Cushing, cash,	.	.	\$30 36
“ “	.	.	60 25
Check to A. R. Hallowell,	.	.	1959 00
Paid for “Limits,”	.	.	5000 00
Check to A. R. Hallowell,	.	.	2000 00
“ “	.	.	970 00
Paid T. Cushing,	.	.	300 00
Sent T. Cushing in N. Y. draft,	.	.	2400 00
Paid for draft,	.	.	6 00
T. Cushing, check on Suffolk Bank,	.	.	1000 00
Total on Canada property, 1858,			\$13,725 61
Loaned to D. E. Somes,	.	\$10,700 00	
State tax of Westbrook,	.	2,414 29	
“ “ Freeport	.	443 51	
“ “ Gray,	.	100 00	
“ “ Yarmouth,	.	1,195 09	
			14,852 89
Expenses of 1858, (in detail on page 57,)			6.085 00
			\$34,663 50

At the close of the year 1858, Peck was undoubtedly deficient to this amount, and had he not been aided by discounts of his own and some of his friends' notes, and by the unlawful sale of his official checks, whose payment was postponed till the ensuing year, he must, at that time, have proved a public defaulter. Rightfully and morally, he *was* one, but technically, he managed to escape exposure and to show a clean record when his accounts were examined. He has furnished to the Committee a list of notes and checks, and of the other devices by which he managed to get by the critical point of a Legislative inspection of his accounts. The discounts were all made in December, 1858, and the following is the list furnished by Peck :

Amount.	Maker.	Endorser.	Discounted by.
\$3,000,	S. C. Chase,	B. D. Peck,	Traders Bank.
1,000,	B. D. Peck,	Neal Dow,	State Bank.
1,000,	B. D. Peck,	Neal Dow,	“ “
1,250,	B. D. Peck,	Judge Weston,	} Augusta Bank.
		G. M. Weston,	

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2,000,	Geo. M. Weston, B. D. Peck,	Biddeford City Bank.
1,000,	Geo. M. Weston, B. D. Peck,	Mechanics Bank.
2,000,	B. D. Peck	W. C. Barrows, Norombega.
1,000,	Geo. H. Shirley, B. D. Peck,	Traders.
700,	On Neal Dow's check, borrowed.	
2,000,	In various small notes, different banks.	

\$14,950

The following amount was raised by having his official checks cashed, the avails carried to his credit, certificates of deposit issued, and the checks held necessarily, or by agreement, till after the turn of the new year :

Amount.	On what Bank.	Discounted by.
\$3,700,	Suffolk,	Biddeford City Bank.
4,000,	“	Norombega.
1,500,	“	Mechanics Bank.
1,000,	“	Market Bank.

\$10,200

In addition to the sums raised in this way, Mr. Peck refrained from crediting several towns with their taxes, on the books of the Treasury ; though the sums due were paid to him, and he gave receipts to the town collectors therefor. This counted to his advantage as so much cash, and to this extent aided him in the fraudulent settlement which he made with the Legislative Committee. These towns and their respective amounts, were as follows :

Westbrook,	-	-	-	-	-	\$2,414 29
Freeport,	-	-	-	-	-	- 443 51
Gray,	-	-	-	-	-	- 100 00
Yarmouth,	-	-	-	-	-	1,195 09
						<u>\$4,152 89</u>

Adding together the several sums thus mentioned, the following aggregate is presented as having been raised by Peck for the exigency :

By notes discounted,	-	-	-	-	\$14,950 00
By Time checks discounted,	-	-	-	-	10,200 00
By Town taxes held back,	-	-	-	-	4,152 89
					<u>\$29,302 89</u>

As the real deficiency for the year, is shown by Peck to have been \$34,663.50, it will be observed that he fails in the schedule of amounts raised to account for the mode in which it was all obtained. The 29,302.89 falls short by the sum of \$5,360.61, and the discrep-

ancy is not accounted for by Mr. Peck, other than by saying that "it must have all been raised in the same way;" but his minutes do not give the specifications. As a deficiency is thus admitted and proved to have existed the year preceding Peck's open defalcation, it becomes a matter of no small importance to the State, as well as to the bondsmen of the defaulter, to ascertain

WHO IS LEGALLY RESPONSIBLE FOR THE DEFICIENCY OF 1858?

It is quite indisputable that all the money raised by Peck to carry him over the critical era at the close of 1858, was taken directly from the Treasury in 1859 to discharge the obligations he incurred in securing the necessary amount. This fact is very frankly admitted by Peck himself, and is indeed too evident to require demonstration or argument. It is clearly manifest however, that if Peck had not been re-elected to his post, he would have had no opportunity to seize the money for the payment of the notes which he had procured to be discounted, and on which his name as "B. D. Peck" appears either as *maker* or *endorser*. The State funds would therefore have been in no danger from that quarter, and the settlement of those notes would have been a question entirely between Peck, the parties who united with him in making them, and the banks that discounted them. His bondsmen of 1858 could not have been held on them, the State of course had nothing to do with them, and the transaction would have been treated as a personal and not a public matter.

In regard to the official checks, however, on which he raised the sum of \$10,200, the Committee apprehend that the case would have been entirely different. These checks were drawn by "B. D. Peck, Treasurer," on the State funds at the Suffolk Bank; they were taken from Peck by various banks in this State, on the very last days of December; so late indeed, that it was impossible for the checks to reach the Suffolk until the 1st or 2d of January, even if there was no understanding with the banks to hold them back a few days which there might have been. As the State's account with the Suffolk was balanced up to December 31, and an abstract thereof sent to the Treasury Office, it is quite evident that these checks could not reach there in season to be reckoned in the account of 1858, but if they went there at all, were necessarily carried over to the account of 1859. Thus Peck succeeded in having the avails of these checks carried to his credit in 1858, at the banks

where they were discounted, while he prevented them being charged against him at the Suffolk, if they were charged there at all, until 1859. It is quite probable, however, that the checks may never have been sent to the Suffolk at all, as by an arrangement to have them held over, Mr. Peck could return the sums advanced on them, as soon as he was fairly installed for his new term. However this point may have been, it is quite apparent that the dishonest but ingenious device, enabled Peck to obtain a false credit on the Treasury books, to the full amount of the \$10,200, and to obtain it too, by mortgaging the funds of the State. These checks, of course, would have been paid when presented, and that too, without regard to whether Peck was re-elected or not. The money was therefore, lost to the State, by the act of Peck, in 1858, and in this respect the case of the checks differs essentially from that of the notes; for had Peck gone out of office, at the close of his second year, the State could not possibly have lost one dollar on the latter. The avails of the notes were actually paid into the Treasury without the State being pledged or any of its funds fraudulently mortgaged for repayment, as in the case of the checks. So far as the notes are concerned, therefore, it was by his action in 1859, that the State was defrauded of their amount, and by such action as could only have been accomplished by Peck being Treasurer for 1859.

The town taxes received by Peck in 1858, and withheld from entry at the Treasury office, constituted a fraud upon the State of precisely the same kind practised in the case of the checks. The town collectors having the Treasurer's receipt, could not, of course, be called on to pay these taxes again; the bond of a subsequent year could have nothing to do with them; and the reclamation must be on Peck and his sureties at the time the fraud was perpetrated.

One very simple and very true test by which to try and determine the question of responsibility in these cases, is, to see what would have been the result had Peck not been re-elected the third year. It is quite evident that the "notes" by which he raised a large amount to carry him over, would have remained unpaid, so far as the State funds were concerned. It is equally evident that the \$10,200 of official checks would have been paid from the State funds, without regard to the question of his re-election. It is quite as manifest that the town taxes received by him and not accounted for, would have been demanded of him as soon as the collectors reported their payment and exhibited his receipt. Peck

would, therefore, have been accountable for these sums without regard to any third term of office. They have, in fact, no necessary connection with his third term, and, therefore, in the judgment of the Committee, no connection with his bondsmen for the third year. As Peck was accountable to the State on these different items, solely by virtue of his conduct in 1858, it appears quite evident to the Committee that the bondsmen of 1858 must be held responsible. It cannot certainly be pleaded either in law or justice, that they are absolved from responsibility simply because Peck's accounts for the year 1858 were declared by the Legislature to be properly vouched and correct. The exhibit on which the Legislative declaration was based, was a fraudulent one, and as Peck can claim no advantage from his own wrong, it is not to be presumed that those who stand as his sureties can do so. It is therefore the judgment of the Committee that Mr. Peck's bondsmen of 1858 are responsible for the following sums, making a total of \$14,352 89 :

Amount on official checks fraudulently obtained for purpose of settling accounts, - - -	\$10,200 00
Amount of town taxes withheld from Treasury Books of 1858, - - - - -	- 4,152 89
	<hr/>
	\$14,352 89

The total deficiency of 1859, as stated on the first page of the report, is - - - - - \$94,023 99
Subtracting as properly belonging to bondsmen of
1858, - - - - - 14,352 89

And there remains, - - - - -	\$79,671 10
Deduct sum paid in by Mr. Dow, - - - - -	8,500 00
And there remains, - - - - -	\$71,171 10

The Committee have also shown that, in their judgment, the following sums are due to the State from the parties named :

From J. Wyman,	\$1,675 00
“ Mechanics Bank,	1,100 00
“ Neal Dow,	3,000 00
“ Walter Brown,	2,832 39
	<hr/>
Amounting in all to	\$8,607 39

Mr. Dow, as before shown, has expressed his willingness to pay "without litigation or expense," the \$3,000 which the Committee consider to be due from him, "if, in the opinion of the Justices of the Supreme Judicial Court, he is liable." It is the judgment of the Committee that the State should demand payment of the foregoing sums from the parties named, and enforce it by law, if necessary. It is quite doubtful whether the bondsmen would have any ground of action against the parties, if the State should decline to act, and it would seem, therefore, to be a matter of simple justice towards the bondsmen, for the State to take the course thus recommended. Should the specified sums be thus recovered, the \$71,171.10 would be reduced by the sum of \$8,607.39, leaving due from the bondsmen of 1859, the sum of \$62,563.71.

The Committee therefore recommend that prompt and efficient measures be resorted to, to secure from Mr. Peck's bondsmen of 1858 the sum of \$14,352 89
and from his bondsmen of 1859 the sum of \$62,563 71

The Committee are happy to express the belief, that the bond of both years contains the names of honorable men, who will not attempt to shrink from any responsibility that attaches to them. It is, however, in any event, the duty of the Legislature to take the most energetic and decisive course in the premises. Public confidence has been shocked by the shameless defalcation of the Treasurer, and it is of supreme importance to the good name and credit of the State, that the sureties should redeem the pledge of honor which the principal has so signally violated.

The Committee are aware that their report has been delayed beyond the time when the Legislature and the public seemed rightfully to expect its appearance; but they also know that it is impossible, for one not actively engaged in the labor of the investigation, to adequately comprehend the inevitable perplexities and postponements attending it. They only feel, that in the nearly fifty sessions they have held, the large number of witnesses they have examined, and the many hundred pages of testimony they have taken down, an ample reason may be found for the delay in the submission of their report to the Legislature. In these prolonged labors of the investigation, the Committee have been greatly aided by the services of William Caldwell, Esq., so long known as the trustworthy and efficient Clerk in the Treasury office. Every paper of any

advantage to the Committee, has been furnished by him with the utmost promptness; and the perfect order, accuracy and fidelity with which the affairs of the department have been conducted, so far as they have been under Mr. Caldwell's control, relieved the Committee from many troublesome duties, which would otherwise have been imposed upon them.

The Committee do not now ask to be discharged from "further service," because there are one or two amendments to the laws regulating the keeping of the public funds, which they may wish to report, but which they have not yet fully matured.

All which is respectfully submitted.

J. H. DRUMMOND, <i>Chairman</i> ,	}	<i>Of the Senate.</i>
J. M. LIVERMORE,		
CLEMENT SKOLFIELD,		

J. G. BLAINE, <i>Chairman</i> ,	}	<i>Of the House.</i>
GEO. K. JEWETT,		
FREDK. ROBIE,		
JAS. M. STONE,		
ROLAND FISHER,		
JOSEPH PORTER,		
GEO. COMSTOCK,	}	

MARCH 5, 1860.

APPENDIX.

The following letter written by one of Mr. Peck's partners in the Canada speculation, before he had invested any great amount of capital therein, will show the inducements held out to him to venture upon the investment. It is a confirmation of the specious promises alluded to on page 11, and would have been inserted in the body of the Report had it not from some unknown cause been mislaid at the time the Report was made up :

BANGOR, Oct. 15, 1858.

HON. B. D. PECK—DEAR SIR : You herewith have Mr. Scallan's letter estimating the amount and quality of his lumber, which you will see is fully corroborated by the report of Mr. Thomas. If we should take the estimate of one thousand feet to the acre, you will see that the amount would exceed 150 millions feet. We will take Mr. Scallan's estimate of the first quality of lumber, and say there is as much of poor quality that will make boxes and shipping boards—estimated amount on limits, 100,000,000.

Cost of limits and mill, (we will not estimate the mill,)	\$20,000 00
Cost of proposed mill,	20,000 00
Estimate of cost of 5 millions feet of logs at mill, exclusive of stumpage,	20,000 00
Cost of sawing 5 millions, at \$2,	10,000 00
Freight to New York, \$4,	20,000 00
Cost of limits, mills, and stock delivered in New York,	\$90,000 00
The above estimates I think will prove to be correct as to the cost ; now what will the 5 millions of feet of lumber in New York sell for ?	
In the above estimate of the cost of logs we have allowed for the cost of getting the first quality of logs.	
To make this safe, we will call $\frac{1}{4}$ of the amount shipping boards, fit for boxes. Such boards will now sell readily in New York for at least \$15 per M, exclusive of commission. This will amount to	\$56,000 00
The balance, of 1,250 M, will sell as 1st and 2d qualities, for \$33 per M for 1st, and for 2d quality, \$25,	35,000 00
The average will be,	\$91,000 00
This estimate I think most clearly within what the facts will justify. You see that the profits for one year will pay for the whole property.	
Let us now take another view :	
Cost of 5 millions feet of logs at mill, \$4,	20,000 00
Call stumpage \$1, to pay gov't dues of 35 cts. per M and lands, purchase of limits, (the \$20,000,)	5,000 00
Surveying, mill rent, &c., 12s. per M,	10,000 00
(This will pay for the mill in rent in 4 years, and the cost of labor.)	
Freight as above,	20,000 00
Cost of 5 millions feet of lumber in N. Y.,	\$55,000 00
Sales as above,	91,000 00
	55,000 00
	\$34,000 00 profit.

I have examined this carefully in every form—and Mr. Cushing informs me he has—and cannot see that we have estimated in any case more favorable than the present times will justify ; as it is the opinion, that lumber will be more likely to advance than recede. I do not think the profits on 5 millions feet of lumber manufactured at our proposed mill can pay less than \$24,000 ; and as we have 50 millions feet of first quality, this will last 10 years—the 2d quality as much longer. As I do not expect to sell I will not foot up the amount. You can do this at your leisure.

Yours truly,

A. R. HALLOWELL.



STATE OF MAINE.

HOUSE OF REPRESENTATIVES, }
March 3, 1860. }

ORDERED, That the Committee appointed to investigate the causes of the late defalcation in the Treasury, have leave to submit a printed Report, and that ten thousand copies be printed for the use of the Legislature.

Read and passed. Sent up for concurrence.

CHARLES A. MILLER, *Clerk.*

IN SENATE, March 5, 1860.

Concurred.

JAMES M. LINCOLN. *Secretary.*