

MAINE STATE LEGISLATURE

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FORTY-NINTH LEGISLATURE.

HOUSE.

No. 139.

The Joint Special Committee on the communication of the Adjutant General of January 20, 1870, and so much of the Report of the Commissioners on the Equalization of Municipal War Debt, as relates to "Paper Credits" Naval Commission Men, have had the same under consideration, and ask leave to submit the following

REPORT:

After the appointment and organization of the Committee, there was an unavoidable delay in obtaining the necessary abstracts from the Adjutant General's Office, as much time and labor were required in making them, so that the end of the session drew near before the committee could fairly get at work. On account of the various duties of the members of the committee, that could not be disregarded, they have found it almost impossible to find time for this investigation.

Your Committee first investigated the charges against towns, as they appear by the books of the Adjutant General's Office, for deficiency of men under the call of October 17, 1863. Charges were found against one hundred and twenty-five towns of the State, varying from two hundred to seven thousand dollars. Your Committee found that on account of these charges, these towns were unable to draw the whole or any part of the bonds awarded them by the Commissioners on Equalization.

- These charges are said to have occurred late in the year 1863 and in 1864, of which during the past six or seven years, many if not all of the towns had received no notice. During this time, a committee had been raised by the Legislature to inquire into the financial condition of towns, in relation to war matters. This

committee know nothing of these charges, as we have been assured by one of its members. We have been assured by the author of the bill for the Assumption of the War Debts, that the bill was drawn without any reference to those charges. The Commissioners on said Assumption were in session a year, and they know nothing of them. And considering the important fact that they did not appear on the State Treasurer's books as assets of the State, and further the fact being patent to all, that it was the intention of the Legislature when they provided for the Assumption of the War Debt, to relieve the towns of a part, at least, of the burdens that were weighing them down, it is not to be wondered at that towns viewed those charges with distrust and refused to pay them, and that they demanded an investigation of them. The theory in explanation of those charges offered by Adjutant General Hodsdon, is substantially as follows: That under the October call of 1863, the State paid a bounty of \$100, and that \$200 was about the established bounty paid by towns. Under this call some towns filled their quotas, some more than filled them, and others did not fill them at all. In February of the following year, another call was made, into which the October call was merged. There was also another call in March, and another in July, and one in December. During the month of February a law was passed, giving to recruits \$300 State bounty.

This law was in force until cut off by General Order No. 32, under date of November 4, 1864, which order it is stated was a positive necessity though in violation of the existing law. After the passage of this law, the State paid the bounty of \$300 without discriminating between those men that were put upon the October quotas when only \$100 was paid, and those that were put upon subsequent calls when \$300 was paid. They then called upon the towns to return the number of men to whom they had paid town bounty under the October call, and whatever deficiency there was, was charged on the books to the towns, at the rate of \$200 per man. But in making up the accounts it is not pretended that they were made up from the Pay Rolls, where all the men had receipted. But whenever a deficiency was found in the October quotas, it "was presumed" that the State had paid the bounty, and it was accordingly charged, thus throwing the burden of proof on the towns. That is to say, instead of the State showing why and for

what the towns were thus charged, the authorities then in power, threw the burden on the towns to show that they did not owe the sums charged. It is not claimed that this course was supported by authority of then existing law, except inferentially. So much for the explanation of the authorities then in power. Your committee have examined the cases of as many towns as their time would permit. In the case of the first town they examined, they found the state had charged it with \$3,400 for a deficiency of seventeen men, under the October call of 1863; and that the State had paid \$200 each, on the town's account.

On examination of the Pay Rolls in the Adjutant General's Office, they found that the State had paid but \$100 and the town produced receipts for fifteen of the men, and assured the Committee that they could account for the other two. Thus it was shown that the claim of the State was without foundation. In the case of another town they found charged with \$4,400, it was ascertained that the State paid \$300 each, and that the town paid brokers \$450 each. A case of very great hardship, for this town raised more than sixteen per cent. of its valuation to pay its war debt. Your Committee were led to scrutinize this case carefully, and the evidence showed that they put in the latter months of 1864, fifty-six men to fill preceding calls; twenty-two of these men were taken to fill the October 1863 call, for which the town is charged \$4,400. All but six of these men were enlisted and paid after the General Order of November 4th, 1864, had been issued expressly stating that but \$100 State bounty would be paid on quotas filled under existing calls.

The orders for the payment of State bounty, were presented by a well known firm of substitute brokers. Now, while these orders were paid to substitute brokers in defiance of Order No. 32, it has been shown to your Committee that town agents were held to the strict letter of the order. The explanation of this was that the call of October 17th, 1863, and the call in the early part of 1864 were not considered existing calls. Your Committee examined the case of another town charged \$7,200 for a deficiency of thirty-six men. Your Committee think that the State has no claim in this case. There were other cases where the towns did not dispute that the State had paid the bounty for men deficient, but the authorities of those towns testified that they had never been notified of their indebtedness for such bounty paid.

A large class of towns remote from the State capital was brought to the notice of the committee, which had responded until every available man had been sent forward and their pecuniary recourses exhausted. A number of these towns now find that they are indebted to the State more than the bonds awarded them. These seem to be cases of peculiar hardship, and if the theory of the former officers of the State is carried out, it will work very great injustice. In order to do justice to this class of towns, and in view of the fact that these deficiencies were for men and not for money, and that these claims had lain dormant for so many years, a majority of the committee were at first in favor of canceling all these charges at once. But, fearing that injustice might be done to many towns which have already responded and paid these charges, and possibly that the interests of the State might suffer, your committee have concluded to recommend a method of adjustment embodied in the resolves which are herewith submitted.

Your committee were also to take into consideration so much of the report of the Commissioners on the Assumption of Municipal War Debts as relates to "Paper credit" Naval commission Men, and other matters therein mentioned. This part of the investigation your committee did not reach before it was nearly time to end their labors and report. In this matter it was in evidence before your committee that more than two hundred towns purchased "Paper men," for which they paid about a million of dollars. As to Naval Credits, it was shown to the committee that towns bought what no man had a right to sell,—the fact being that these credits should have been deducted from the quota of the State; but instead of this, they were sold to towns and the state paid a bounty of \$300 each. It was further shown us that the same men that had once enlisted and been paid State and town bounty, were, by being transferred to other regiments, sold for large sums of money. It was also shown to your committee that the "sham substitute" business was indeed very profitable—to individuals but not to the United States Government, nor to the State of Maine; for the Government did not receive its men and the State lost the bounty. All these matters we should have investigated, but want of time prevented.

Very many persons have applied to your committee to testify in regard to these things, but we have had no opportunity to examine them. And your committee are of the opinion that if this matter

is to be investigated further, a commission of three persons be appointed by the Governor and Council to examine the same and report to the next Legislature.

M. D. L. LANE,
THOMAS P. CLEAVES,
H. HUME,
S. F. HUMPHREY,
S. WASSON,
DANIEL STICKNEY,
J. W. SPAULDING,
ORRICK HAWES,
L. H. STOVER.

STATE OF MAINE.

RESOLVES relating to certain charges against towns,
and to credits for men not put into the service.

Resolved, That the state treasurer be and is hereby
2 directed to pay over to the towns against which
3 charges are made for deficiency of men under the
4 October one thousand eight hundred and sixty-three
5 call the amount due over and above said charges of
6 the bonds awarded them by the commissioners on the
7 assumption of war debts, leaving the balance for future
8 adjustment.

Resolved, That the adjutant general is hereby directed
2 by an examination of the pay rolls, receipts and all
3 papers bearing upon the subject, to ascertain if errors
4 exist in said charges for such deficiency under said call
5 of October, one thousand eight hundred and sixty-three.
6 And if he shall find that such errors do exist in the
7 case of any town, and that the state did not pay men
8 on account of such town, he shall certify the same to
9 the state treasurer, who shall upon the presentation of
10 said certificate by the proper authorities pay over said
11 assumption bonds, or so many of them as may remain
12 in his hands.

Resolved, That the governor and council shall appoint
2 a commission of three persons of ability who shall be
3 qualified by oath before the governor and council, who
4 shall examine the remainder of the charges and make
5 such adjustment as equity and justice shall require,
6 and upon the presentation of their certificate to the
7 state treasurer that the same has been adjusted he shall
8 deliver the bonds or so many of them as shall be found
9 due, said certificate to be presented or endorsed by
10 the proper authorities of the various towns.

Resolved, That said commission provided for in the
2 foregoing resolve is also authorized to investigate in a
3 thorough manner all matters in relation to credits al-
4 lowed on the quotas of towns by the state and general
5 government for men not actually put into the service,
6 and to report whether in their opinion towns should in
7 any part be compensated for sums expended for such
8 credits; and said commission shall report to the next
9 legislature.

Resolved, That said commission shall have the power
2 to compel the attendance of witnesses and the produc-
3 tion of papers.

Resolved, That the governor and council shall fix the
2 compensation and audit the expenses of said commis-
3 sion, and they are hereby authorized to draw their
4 warrant from time to time for said expenditures.

STATE OF MAINE.

IN HOUSE OF REPRESENTATIVES, }
March 19, 1870. }

Reported by Mr. HUME of Cherryfield, and ordered to be
printed.

S. J. CHADBOURNE, *Clerk.*