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HOUSE OF REPRESENTATIVES, May 26, 1864.—Laid on the table and ordered to be printed.

[By Mr. SINGLETON; from Special Committee.]

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## REPORT

OF THE

# SPECIAL COMMITTEE,

*On the Payment of Claims.*

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The undersigned, a majority of the members of the Special Committee, to whom was referred the letter of the Secretary of the Treasury, in response to certain resolutions adopted by the House, and who were charged with the duty of enquiring into the matter contained in said resolutions, beg leave to submit the following report:

The committee addressed a letter to the Secretary of the Treasury; which, with his answer and accompanying papers, are laid before the House.

It will be seen by examination of the 5th section of the currency act of 17th February, 1864, that no authority exists for paying out of the Treasury, the old issue of treasury notes, after the first day of April last; and this construction has been very properly given to this section by the Secretary of the Treasury.

The Secretary of the Treasury, however, takes this further view of said section, that where a requisition has been made by the Secretary of War, say for one hundred thousand dollars, and upon that requisition a warrant has issued from the Secretary of the Treasury, upon the Treasurer, who keeps the funds of the Government, and the one hundred thousand dollars had been passed to the credit of the disbursing officer of the War Department, before the first day of April last, and checks had been given by said disbursing officer upon that amount, that then these checks are payable in the old issue.

The undersigned think this a just and proper construction of the act ; for although the funds thus subject to the check or checks of the disbursing officer, are still in the vaults of the Treasury, yet they are only held as upon deposit, and when checks are drawn upon them, they are payable in the only kind of currency in the Treasury at the time of the requisition warrant, and passing said funds to the credit of the disbursing officer. Any other view of the subject would enable parties who had contracted with the Government, and received checks for payment before the first day of April last, to evade the intent and meaning of said act, by refusing to present said checks for payment before said 1st day of April, thus compelling their payment in the new issue after that time.

To all such creditors, notice was given, by order of the Secretary of War, published in the leading journals of the Confederate States, that these checks or demands must be presented before the 1st day of April last, and that they would only be paid in the old issue. In a few cases, where parties of this character failed or refused to present their demands, before the first day of April, as notified, they have been required to take the old issue, which was set apart for their payment; and in no other cases.

The undersigned, therefore, believe that the Secretary of the Treasury has been guilty of no misfeasance or malfeasance in office, in respect to the matters contained in said resolution, but that he has carried out the true intent and meaning of said 5th section of the currency act of February 17th, 1864. All of which is respectfully submitted.

O. R. SINGLETON, }  
 RO. JOHNSTON, } *Members of Committee.*

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## MINORITY REPORT.

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The undersigned, dissenting from the views of the majority of the Special Committee, submits the following report :

The act of Congress of February 17, "to reduce the currency and to authorize a new issue of notes and bonds," section 5, declares, "that after the first day of April next, all authority heretofore given to the Secretary of the Treasury to issue treasury notes shall be, and the same is hereby revoked," and provides that "the Secretary of the Treasury may, after that time, issue new treasury notes."

The letter of the Secretary of the Treasury to the committee, now communicated to the House, concedes a construction of the law which forbids the payment from the Treasury, after that day, in any other than the new and untaxed notes. This inhibition, however, he insists is not applicable to notes used in payment of checks drawn by disbursing officers of the Government previous to the first day of April, and this class of claims, whenever presented, are to be paid in the old issue. The funds reserved to meet these are considered as deposits merely, and not in the Treasury, and consequently when paid out are not "*issued*" within the meaning of the act. He has given instructions to this effect, which are still in force. This view of the case is sustained by the majority of the committee.

The undersigned, not concurring in this construction of the law, briefly presents the grounds of his dissent :

Treasury notes are qualified contracts, on the part of the Confederate States, for the payment of money to the holder, consummated by their delivery. While in the hands of officers of the Treasury Department and undelivered, they are wholly inoperative and involve no obligation.

They are "*issued*" when they leave the Treasury, pass into private hands, and are no longer under the control of the Government, its officers or agents. They are then delivered and become valid and binding as public engagements. It is immaterial through the hands of how many different officers of the Government they may be transmitted—and whatever entries in books or instruments of writing may be required to protect the public interest and ensure a just accountability among these officers, so long as the notes are in the official custody and under the official control of any of them, and subject to the authority of the head of the Department, they are "*in the Treasury*," and, when paid out to claimants, are "*issued*." This is admitted in the order for the return of all unexpended amounts in the hands of disbursing officers, in order that notes of the new issue might be substituted in their place.

The correctness of the view taken by the undersigned will appear from several considerations :



1st. If notes reserved for such payments are destroyed, the loss does not fall on the disbursing officer, nor the holder of his check, who is his assignee for that amount, but upon the Government.

2d. In case of an insufficient supply of treasury notes to meet these claims, or its reduction from any cause below the credit, the deficiency must be made up from the resources of the Treasury, and, if necessary, by the preparation and execution of other notes, and this can be done only under the authority of the act.

3d. The notes, up to the moment of being paid out, remain in exclusive custody and under the sole control of officers of the Government, directly responsible to its head.

4th. The order for the return of balances in the hands of disbursing officers and other public agents, on the first day of April, admits that they have not been issued, and after that day cannot rightfully be issued.

5th. The currency act taxes such notes as were outstanding on the 1st day of April, in the hands of those to whom they belong, and not such as were then in the hands of officers of the Government, for disbursement. The instruction of the Secretary taxes the latter, or which is the same thing, taxes a certain class of claims on the Government, neither of which finds any warrant in the law.

The undersigned, therefore, is of opinion that checks of disbursing officers, drawn before the first day of April, like all other forms of claim upon the Confederate States, can be legally paid only in the new issue of treasury notes.

W. N. H. SMITH.

TREASURY DEPARTMENT, C. S. A., }  
Richmond, May 10, 1864. }

Hon. T. S. BOGOCCK :

SIR : I have had the honor to receive the following resolutions from the House of Representatives :

“ *Resolved*, That the Secretary of the Treasury be requested to inform the House—

“ *First*, Whether any demands against the Government, ascertained or accruing previous to the first day of April last, and presented for payment since, have been paid in treasury notes of the old issue, rated at the amount specified on their face ; or—

“ *Second*, In treasury notes of the new issue on condition of the abatement of one-third of the claim, and the acceptance of two-thirds in satisfaction thereof ;

“ *Third*, And if so, under whose and what orders, and by what authority of law, such payments have been made, and such notes of the old emission been re-issued since said date.

“ *Fourth*, And if any such orders have been given, whether the same have been made applicable to claims made by the States, as well as to those due individuals.”

I respectfully inform the House that I have no knowledge or information as to any such payments or arrangements as are mentioned in the resolution.

C. G. MEMMINGER,  
*Secretary of the Treasury.*

TREASURY DEPARTMENT, }  
Richmond, May 19, 1864. }

Hon. W. N. H. SMITH,

*Chairman Committee House of Representatives :*

SIR : I have the honor to acknowledge the receipt of your letter of 17th instant, transmitting copy of resolution of the House of Representatives, under which a Special Committee has been appointed to obtain information as to matters contained in a resolution of the House already answered by this Department ; and asking information upon certain specific points now presented.

These specific enquiries enable the Secretary to see what was the purpose of the first enquiry ; and a little explanation of the forms of business will show the reason why no satisfactory information upon the points presented can be had at the Treasury Department.

Payments at the Treasury are made in two modes : First, upon

claims regularly audited and passed; and, secondly, upon requisitions made by the different departments in favor of disbursing officers. The first class are audited and paid as demands upon the Treasury. The second class are paid in the following manner. The Secretary of War, for example, makes a requisition for one hundred thousand dollars, to be placed in the hands of a quartermaster. Upon this requisition, a treasury warrant is issued, and upon the receipt of the quartermaster, the treasurer hands to him or passes to his credit the amount, and charges him with the same. The money has thus passed out of the Treasury and stands to his credit as a deposit, subject to his check. He checks for it at pleasure, and the Treasury office has no knowledge or information as to the demands for account of which the check is drawn. In accounting afterwards with the Auditor, the quartermaster discharges himself by production of vouchers for demands paid, but no reference is had to the checks which may have been used to pay the same. Thus, it will appear that if a requisition were carried to the credit of a disbursing officer prior to the 1st April, a check on that credit necessarily called for payment in the funds then standing at his credit. To enable the disbursing officer to use the currency, it became necessary that he should return the old currency into the Treasury and procure another requisition for new. So long, however, as the officer drew checks on the old balance, they would be paid in the funds which that balance represented; and the Treasury Department could not know what demands were paid by these checks, or whether any specific arrangement or abatement had been agreed upon between the creditor and the disbursing officer.

With this explanation, I proceed to answer the enquiries contained in your note:

1. In answer to the first enquiry, I would respectfully state that the printed paper, herewith submitted, bearing date 23d February, 1864, sets forth the general regulations for carrying into effect the act to reduce the currency. No specific instruction is contained therein as to demands against the Treasury, due before and presented after the 1st April last. It was thought that the 5th section of the act was sufficiently distinct to forbid any payment after 1st April in old notes. A few cases came up in which depositaries enquired whether interest coupons, payable before 1st April, and presented after 1st April, should be paid in old or new issues, and they were instructed to pay in new issues. A copy of a telegram to the Assistant Treasurer at Charleston, dated 26th April, is herewith submitted.

2. In answer to the second enquiry, I would respectfully refer to the explanation above made. The regulations of 9th March and 19th April, were issued in conformity with these views, and with the explanatory note of the officer of the Treasury, (all of which are herewith submitted,) will give all the information in possession of the Department.

3. The third enquiry does not discriminate between payments made by disbursing officers and those made at the Treasury. As to the former, information can only be had from the Department to which those officers belong. The Treasury (as already explained,) have no



information on the subject. All demands paid at the Treasury subsequent to the 1st April, have been paid in new issue, except in the single case of checks, drawn by disbursing officers on balances standing at their credit on 1st April, and not returned into the Treasury.

4. The fourth enquiry is fully answered in the answer to the 3d.

5. So with the 5th.

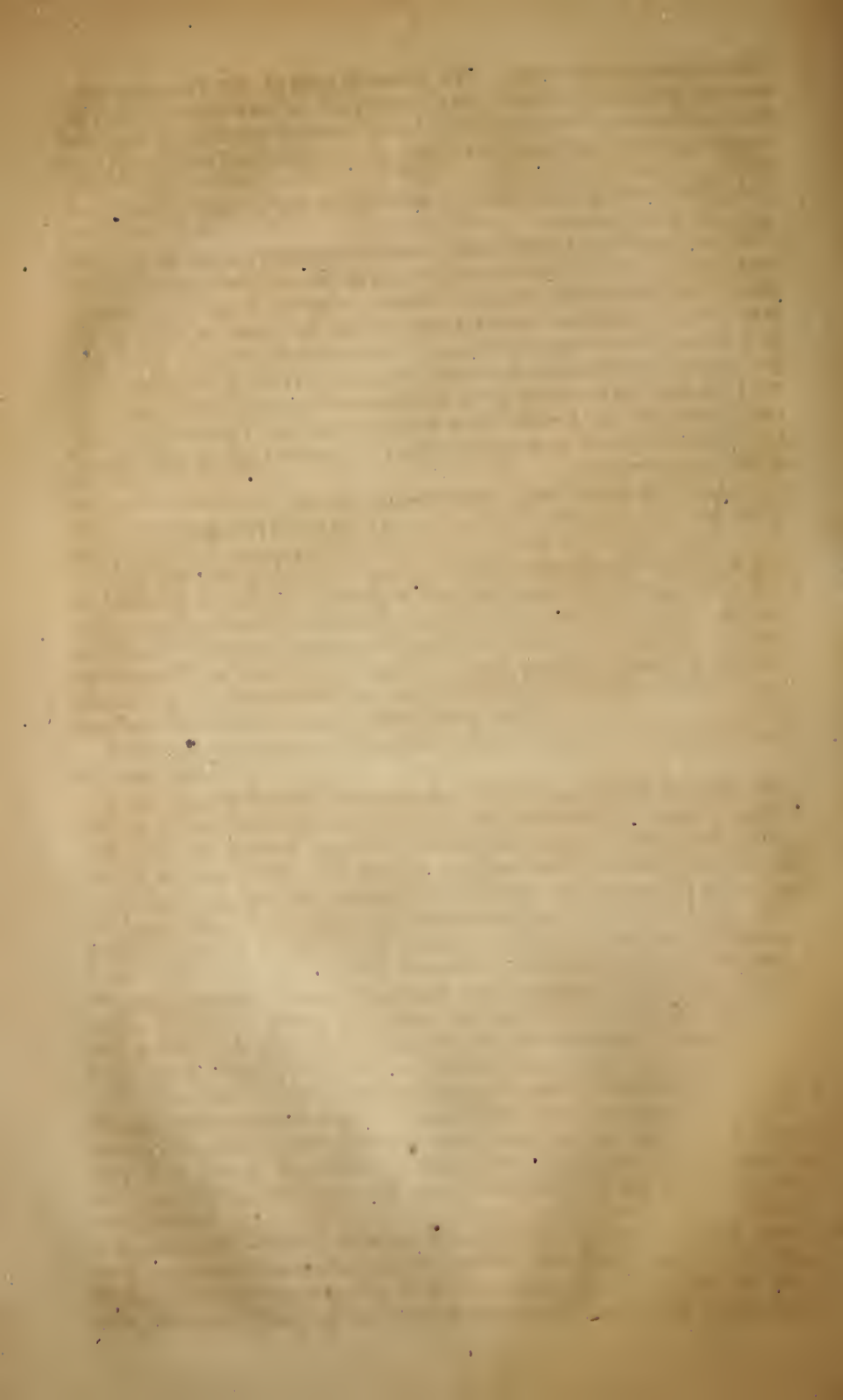
6. In concluding, the Secretary would respectfully state, that, in his view of the law, no old currency can be issued after the 1st April, and as far as he knows, none has been. Whether disbursing officers may or may not have acted under mistaken views of the law, he cannot say. So far as the Treasury officers are concerned, upon notice of any such mistake, he would promptly correct it. He fully recognizes the right of Congress to enquire into and correct all such errors or abuses, and would most readily make any further enquiries to ascertain and correct any which may be pointed out in any officer of his Department.

Very respectfully, your obeient servant,

C. G. MEMMINGER,

*Secretary of Treasury.*





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