

## THE PLUNDER OF THE STATE

### EX-TREASURER PARKER, OF SOUTH CAROLINA, MAKES A CLEAN BREAST OF IT.

Chamberlain, Patterson, Kimpton and Others Charged with the Greatest Frauds.

Bribery of the Legislature—Collision of the Whole State Government and a Reign of Unparalleled Corruption.

The confession made by Niles G. Parker, ex-Treasurer of South Carolina, in an interview with a reporter of the New York Times, was made at his house in Jersey City, and was taken down phonographically. The statement was made without previous preparation, which will account in great measure for the looseness of arrangement, and also for any slight inaccuracies of dates or figures. The confession is as follows:

#### PARKER'S RECORD AND ELECTION.

I settled in Charleston in February, 1865, engaging in planting and the mercantile supply business. In 1867 General Canby appointed me an Alderman in the city of Charleston. Gaillard was Mayor at the time, and there was a place in the council made vacant by death. A few months later I was appointed chairman of the Committee on Legislation under the reconstruction acts. After the discharge of that duty I devoted myself again to private business. I was soon, however, elected a member of the constitutional convention from Barnwell County, though I made no effort to secure my nomination or election. In that convention I was the chairman of the Committee on Finance and succeeded in raising the amount necessary for the expenses of the convention. In the discharge of my duties I had the co-operation and good-will of Governor Orr. As a member of the convention I opposed the passage of the law authorizing the State to issue bonds. I took the ground that the State indebtedness and the current expenses could be provided for by taxation and that any further issue of bonds was unnecessary. As in previous years the State expenses had not exceeded \$400,000, I did not believe that more than \$600,000 would be needed to cover them. The surplus amount paid into the treasury as collected taxes would be enough to meet the payment of interest on the State debt, consolidated and floating, and settle, in the course of a few years, all outstanding claims not represented already by State bonds. The act was incorporated in the constitution, however, in spite of my opposition.

At the first election under the new constitution I was put in nomination for State Treasurer and elected. This nomination grew wholly out of the success which I had achieved in raising the expenses of the convention. I went into office in July, 1868. Scott was Governor, Chamberlain was Attorney General, Cardozo was Secretary of State, Frank Moses was Adjutant General and Neagle was Comptroller General. The constitution of the Legislature was entirely Republican, I think, without an exception. The Democrats refused to take part in the election. Naturally both Senate and House were composed very largely of colored members. Frank Moses was the Speaker of the House—undoubtedly the most influential member of it during his four years' term of office.

When I took charge of the State Treasury there was only \$42 in it. By the Comptroller General's report for 1867 the bonded and stock debt was nearly \$6,000,000, and there was considerable interest outstanding, as well as other unadjusted debts amounting approximately to \$3,000,000. The tax of the first year was \$1 mill upon the assessed valuation of the property of the State. This tax was expected to yield \$1,200,000 or \$1,300,000. The fiscal year of the State closed on October 31, 1868. We went into office in July, and a special session of the Legislature was called immediately. Instead of imposing a tax to cover the expenses of the current year as well as the year ending October 31, 1869, we only imposed one tax, as we had then an honest intention to relieve the people of the State of all but necessary burdens. So we made a tax for one year only, intending to provide for outstanding claims by the issue of bonds. Of this tax imposed we collected about three-fourths, and the balance was left outstanding. No extraordinary measures were resorted to in order to enforce its collection, and I think that judgment was never obtained against the delinquents in the courts.

#### CHAMBERLAIN'S PECULIAR BILLS.

Under the provisional government a law had been passed authorizing the funding of all outstanding debts, interest and principal, up to July 1, 1867. The Legislature in July, 1868, passed a bill to pay all interest due from July 1, 1867, in gold. This bill was engineered by the State Financial Agent, H. H. Kimpton. He was a friend and classmate of Chamberlain's, and was introduced by him to me as the proper man to be the financial agent of the State. He was appointed by the Financial Board—Scott, Chamberlain and myself. The bill was regarded by us as Kimpton's measure,

and he represented that it would raise the value of bonds materially and enhance the credit of the State. In this view he was supported by Chamberlain. Here I may say that I never knew a financial act to pass the Legislature which was not proposed as a bill by Kimpton and sanctioned by Chamberlain. His bills were always passed as presented. In regard to this particular bill it should be added that the interest demanded was paid in gold until the winter 1869-70, when the law was changed so that thereafter the interest was paid in currency.—Kimpton was himself obliged to obtain the change of the act, as it was impossible to meet the demands upon the treasury for gold. In the course of 1868 and 1869 the Legislature passed acts to provide for the redemption at par of all floating debts outstanding. All these financial measures authorizing the issue of bonds were susceptible of two interpretations. The wording of one act will sufficiently illustrate this point:

"The Governor is hereby authorized and directed to borrow \$1,000,000 upon bonds of the State of South Carolina, said bonds to be signed by the Governor and Treasurer and sealed by the Secretary of State, to be payable in South Carolina and at the New York financial agency."

The debatable point is whether bonds representing \$1,000,000 were to be put on the market; or whether \$1,000,000 was to be obtained by the sale of bonds at any price. This point I will take up presently. In round numbers the Financial Board was authorized to raise \$3,200,000 in the years 1868-69 by the issue of bonds of the State of South Carolina; \$1,000,000 for the payment of interest on the public debt at 6 per cent; \$1,000,000 for the relief of the treasury at 7 per cent; \$500,000 for the redemption of Governor Orr's currency; and \$700,000 for the purchase of lands under the Land Commission; \$1,200,000 was called for in addition to provide for the redemption of the bills of the State Bank. These bills have not yet been redeemed, but are floating about in considerable quantities, though I do not believe any one knows how many are in existence. In this session, also, the famous conversion act was passed. This act authorized the issue of bonds to take up all outstanding bonded and stock indebtedness of every kind, and authorized furthermore all holders of stock or any kind of government securities to convert them into these bonds. The object of this act was declared to be to give uniformity and consolidation to all classes of securities.—All these acts, I repeat, were represented by the Financial Agent, Kimpton, and urged upon the Financial Board by him as a necessity. They were never prepared by Scott or myself, but always by Chamberlain and Kimpton. Chamberlain used to say to me that Kimpton declared these measures to be necessary, and he supposed that they were so.

Under the act authorizing the Governor to borrow \$1,000,000 to pay the interest upon the public debt, \$2,000,000 of bonds were issued; \$500,000 of these bonds were returned in presence of the Financial Board and others; \$250,000 were exchanged by the Financial Agent for conversion bonds; \$1,250,000 remained out. The \$500,000 of bonds that were returned had passed through the hands of the Financial Agent. While in his possession coupons might have been taken off, or they might have been applied for the payment of interest, and so got into the hands of the public. In this last way they might have been presented to the State Treasury honestly for funding.—I was sued upon a civil process for \$450,000, in 1874, the allegation being that I had funded that amount illegally in the Treasury. A judgment was rendered against me for \$75,000, but this, you will bear in mind, was the judgment on a technical wrong in a civil suit.

As soon as the conversion act was passed a very large number of these bonds were printed. Of these bonds \$1,200,000 were issued strictly in accordance with the provision of the act, but all others issued were put on the market in an arbitrary manner. For all that, the money obtained by the sale of these bonds, which were outstanding until repudiated by Frank Moses, was used by me, as Treasurer, in accordance with law.

#### ENORMOUS ISSUES OF BONDS.

Now, the \$3,200,000 which the Legislature authorized the Governor to raise by the sale of bonds had to be obtained at a sacrifice. The bonds of the State would not sell at anything like par. In fact, when first issued we were obliged to dispose of them for twenty cents on a dollar. When the acts passed the Legislature I understood, and I think it was generally understood by all members of the Legislature, except those let into the secret, that \$3,200,000 in bonds at par was the total sum authorized by the acts. When the acts were passed, however, Chamberlain and Kimpton pointed out what was the literal interpretation of the acts. They contended that bonds could be sold at any sacrifice to obtain the sum in cash of \$3,200,000. Relying on Chamberlain as the legal adviser of the board, Scott and I consented to the issue of the amount of bonds necessary to raise the authorized sum. We found, however, that the ordinary bonds of the State were not taken readily when put on the market.—

Bankers require the best security possible before they will invest their money in the purchase of bonds that the bonds are legally issued. This point was involved in some doubt, and when they also discovered that there were more than a million of bonds issued under the act to provide for the payment of the public debt, they refused to deal in these bonds, or rather to take them in any way.

In this exigency recourse was had to the act authorizing the issue of conversion bonds. The act provides that these bonds shall be issued for the redemption of other State securities, but it was contended by Chamberlain and Kimpton that these bonds could also be issued directly for cash; they could be put on the market and sold like ordinary bonds, and the proceeds devoted to the redemption of outstanding claims and to meet other State expenses. Scott and I were prevailed upon by Chamberlain and Kimpton to countenance this issue of bonds. When, therefore, these conversion bonds were put directly on the market they were sold quite readily, for bankers had no means of knowing how many were issued or could be issued in one year. So they secured these bonds as collateral security and purchased them in preference to the others.—Perhaps this was not exactly fair, but we went on the principle that outsiders were bound to look out for themselves. The object of the Financial Board in this was to secure money at the least cost to the State, and there was no intention to defraud the State thereby. During the four years in which we were in office the bonded debt of the State was increased about \$10,000,000. All outstanding claims were provided for and wiped out, so that at the end of the four years the only outstanding debt was for the current expenses of the State during 1872.

This board has been censured for causing these acts to be passed. Who drew up and presented the acts? Chamberlain drew up every one of them and Kimpton presented them. The proposition for the issue of conversion bonds directly was made by Chamberlain. I looked upon this issue as a necessity. I look upon it now as I did then. My first opposition to the issue of bonds in the constitutional convention was due to the belief that the State expenses could be provided for without this issue, by taxation. When I found, however, that the State expenses were extravagant and demands were made upon the Treasury by law for money, I acquiesced in the measures proposed by Chamberlain and Kimpton.

#### A SERIOUS CHARGE AGAINST EX-GOVERNOR MOSES.

There was a terrible increase of expenditures at each succeeding session of the Legislature. Frank Moses was in the chair, and I am told by trustworthy persons that he has acknowledged to having signed away \$500,000 dishonestly, though I am sure that it was a much larger sum. I believe that three or four millions of dollars were spent in excess of the necessary expenses for the meetings of the Legislature during these four years. Both Senate and House were responsible for this. The first President of the Senate was a pretty good man, Booser. They soon got him out, however. He was elected a Judge and went out during the first session. Ransier, a colored man, took his place. He was equal to the occasion. Corbin was President pro tem. of the Senate when Booser, the Lieutenant Governor, was absent. I paid Corbin a good deal of money. Still he held a large number of offices and received large salaries and regular perquisites therefrom. I know nothing, therefore, to inculpate him.

I had no doubt that a number of charges brought against the treasury were improperly passed by the Legislature. In particular, there were a number of \$5,000 claims presented which I thought were outrageous; certificates issued by those who purchased Senators and Representatives. The certificates were properly authorized, however, and I had to pay them. Suppose I had refused to honor them, what would have been the result? Why, I should have been kicked out for not doing my duty as Treasurer. There was too much influence brought to bear against me. If I had stood out alone it would not have made any difference. Why, I have been to Frank Moses with tears in my eyes, and said to him: "You will have no money at all in the treasury if you go on in this way." Frank Moses would only look up and laugh.—"Talk about these Republican reformers," he would say; "you never heard me say anything about reform." "No," said I, "I never did."

I went out of office on October 31, 1872. Scott went out the same time, and Moses came in as Governor. Samuel Melton succeeded Chamberlain as Attorney General, but when Chamberlain went out of office he became Melton's law partner, and so got right behind the throne again. Some of the first acts passed by the Legislature after Frank Moses became Governor was an act directing the Attorney General of the State to prosecute the late Sinking Fund Commissioners of the State for corruption. These Commissioners were Scott, Neagle, Chamberlain, the Chairman of the Finance Committee of the Senate and the Chairman of the Ways and Means Committee of the House. Did Melton do it now? What

did he do? Waited until April, 1874, and then commenced a prosecution against me. The complaint was made by Daniel H. Chamberlain, then Governor and ex-officio President of the Sinking Fund Commission. The Attorney General brought a suit for the recovery of \$25,000, alleged to have been fraudulently misapplied. I was arrested and held to bail. A night or two before my arrest Chamberlain had been talking with me as pleasantly as ever in the theatre where Anna Dickinson was lecturing. We had a loving parting, but he sneaked off and caused me to be arrested on the next day, or within a few days at any rate. When I succeeded, however, in pressing the thing to a suit it was *non prosequitur* (sic) by the Attorney General. On whose shoulders does the blame for the borrowing of the \$25,000 lie? The Sinking Fund Commissioners ought to have been prosecuted for their part in the matter, as well as for other crimes which they committed. The treasury needed the money, and it was none of my business who lent the amount. It was not my funeral at all. I consulted with Chamberlain, asking him if it was any crime on my part to borrow this money. "No," he said, "it is no crime of yours." Chamberlain will say now that he was in the minority on the Sinking Fund Commission, and that the commission lent the money to the treasury without his consent. At any rate, the Sinking Fund Commissioners are responsible for this matter, and not myself, the Treasurer.

#### THE BLUE RIDGE RAILROAD SWINDLE.

In regard to the Blue Ridge Road swindle, by which the State is said to have been defrauded out of \$1,300,000, I can say at least that I had nothing to do with the road except when called upon in my capacity as State Treasurer to pay over to the officers of the road the scrip voted by the Legislature. When Harrison was President of the road \$4,000,000 was voted by the Legislature in State scrip to defray the expenses of its construction. Harrison applied to Scott, who was then Governor, for money, and Scott requested Kimpton to furnish \$200,000 to Harrison for the road, in return for \$600,000 of the bonded stock of the road owned by the State. Kimpton, I believe, still has that \$600,000 of stock. Cameron succeeded Harrison as President of the road, and Patterson succeeded Cameron. So Patterson came to have control of the \$1,000,000 of stock, less the \$600,000 which Kimpton had gobbled. It is this \$3,600,000 that he has got now to account for. I know that he borrowed \$325,000 from a gentleman in this city, Mr. E. B. Wesley, giving \$700,000 of the Blue Ridge Road stock as security. I cannot tell what disposition he made of any portion except of this amount. I never owned a dollar's worth of stock in the road myself. Scott owned stock in it and holds it to-day. As to the letter of Patterson to me as State Treasurer, published a few days ago, authorizing me to deliver to H. H. Kimpton revenue land scrip amounting to \$114,250, I am ready to admit that it was genuine. If you ask me whether I paid this order, I answer that I paid every order for this scrip made upon the treasury by Senator Patterson as President of the road. I did not see that I had any authority to withhold the scrip so long as it was drawn in accordance with legal provisions. If the scrip was afterwards misapplied I had nothing to do with this subsequent handling of it.

As financial agent of the State Kimpton had in his possession all bonds of the State that were ever issued for raising money.—He was not obliged by law to exhibit his accounts to the State Treasurer or to the Financial Board, nor to render any vouchers thereof, and he never did so until his final settlement. When his financial settlement was made in accordance with a special act he received from the Financial Board a due-bill of about \$150,000, and settled with the board upon what is stated to be a fraudulent set of books. Chamberlain was a member of the board and took an active part in all that pertains to the issue, management, and settlement of its finances.—Judge Willard told me that Kimpton had manufactured a fraudulent set of books, but I cannot assert it of my own knowledge. I suppose this statement will show my hand to him, but I do not care much. Chamberlain signed the settlement and papers in that matter, and took part in all other transactions of the board.

#### THE PRINTING SWINDLE.

The appropriations for the benefit of the Republican Printing Company were in the main a gigantic swindle. Woodruff and Jones who ran the company, will be compelled to tell how the money was appropriated.

The following dispatch to the Charleston News and Courier supplements Mr. Parker's prediction in regard to Messrs. Jones and Woodruff:

"The agreement with Jones and Woodruff, the late clerks of the House and Senate, is that a *non prosequitur* shall be entered on the indictments against them, they to testify in behalf of the State when called upon to do so. Each surrenders \$28,000 of bonanza warrants and all claims against the State for printing, &c. Jones also surrenders his Beaufort property, valued at \$12,000, and Woodruff surrenders the Republican Printing Company's building and

fixtures in Columbia, valued at about \$7,000, and also claims against the Bank of the State for \$130,000. Both Jones and Woodruff saved their respective residences in Charleston as settled upon the wife in Woodruff's case, and the children in that of Jones."

As to the Thomas W. Price Printing Company, continued Mr. Parker, I know that Thomas W. Price is a merchant in Philadelphia, and I am quite positive that when his claim for printing was first presented it was for \$6,000, and was afterwards raised to \$16,000. James Thompson, Chamberlain's right-hand man and the Editor of the *Daily Union-Herald*, acted as an agent between Price and the treasury. CHAMBERLAIN DIRECTLY CHARGED WITH CORRUPTION.

I don't wish to say anything which may appear like a personal attack upon Chamberlain, though I acknowledge that I have been offended by his treatment of me. I do object, however, to being made the scapegoat of the ring, and I am by no means willing that Chamberlain and Kimpton should foist off any of their load upon my shoulders. I am tired of hearing about what Parker did and how he acted in this transaction and that, when I know that my share in the questionable doings of the ring from 1868 to 1874 was no greater, to say the least, than the other members with whom I acted. During these six years the corruption and speculation increased yearly, and it is idle to attempt to palliate or deny it. If the present investigation in South Carolina is pushed, the extent of the corruption will be laid bare and all who were parties to it will be brought to judgment.—I wish it to be understood that I do not shrink from this investigation. I desire rather that it be made as thorough and searching as possible, and I am ready to hold myself responsible for my share in it. If I have sinned in the matter I am ready to make the amends which the State shall direct. All that I ask for is that the part which each one of the ring took in the transactions of those six years shall be exactly determined, and condemnation meted out in proportion to the extent of the offending. For Chamberlain and Kimpton to deny that they were privy to what was going on is simply absurd.—Some things, undoubtedly, Chamberlain had no hand in directly, though they were done under his nose, and he must have known about them. In other transactions his name did not appear, but there can be no question that he was concerned in them in some way. In other cases still he reaped a direct benefit from his co-operation.

Take the case of the Marine and River Phosphate Mining Company. The shady transactions connected with the management of this company and the bills lobbied through the Legislature for its benefit are quite generally known. The measures by which the interests of its stockholders were subverted in the Legislature have been published in the Charleston papers, but Chamberlain's connection with it has not heretofore been stated. The stock of the company was owned largely by members of the ring, and Chamberlain held one-fifteenth of it. It was \$500,000, I believe, in all, so that Chamberlain's share of the stock was \$32,200. Tim Hurley, Chamberlain's right-hand man and the Treasurer of Charleston County, lobbied the bills for its benefit through the Legislature.

Then there was the Greenville and Columbia Railroad. The bills passed in connection with this road were notoriously disreputable. Its capital stock was held in twelve shares, I think, of \$25,000 each.—Scott, Neagle, Patterson, Chamberlain, Cardozo, Kimpton, Hurley, Crews and myself were stockholders.

#### A BIT OF DIRECT CORRUPTION.

I know also that Chamberlain received \$2,000 direct for his connection with a transaction which I do not care yet to make public. It was the same transaction alluded to in the letter which Elliott read in the last nominating convention. He rose in his seat, brandishing this letter, and threatening to make its contents public. An agreement was thereupon patched up between him and Chamberlain, and he made the best he could of his previous threats against him. He read the letter, omitting the names of the persons concerned, one of whom was Chamberlain. I have spoken of the \$150,000 due-bill in favor of Kimpton, audited by the Financial Board. Now, when Kimpton was appointed financial agent, an agreement was made between him, Chamberlain and myself, that all commissions accruing to him should be divided equally among the three. Scott was left out of this arrangement, although he was on the Returning Board. Chamberlain and myself were thus entitled by this agreement to \$50,000 of the audited claim. As a matter of fact we never got a dollar of this amount, for Kimpton's due-bill has never been paid, and I should be very much surprised if it ever should be, in view of the coming developments in the pending investigation. Both Chamberlain and Kimpton will deny this arrangement as a matter of course, but it is a fact, nevertheless. You may remember the letter from Chamberlain to me, published in the Charleston News and Courier some time ago, which read, as nearly as I can now remember: "Dear Parker, how