

Tillman's Bond Deal.

History of a Peculiar South Carolina Refunding Plan.

From the New York Times.

BALTIMORE, June 3.—Senator Tillman, of South Carolina, has been very free with his criticisms of the National Administration for its manner of conducting bond operations, and in the recklessness of his rhetorical frenzy has not hesitated to impute improper motives to the President and Secretary Carlisle. In view of these facts a little history of one of his own bond deals is instructive and interesting.

About \$5,250,000 of South Carolina 6 per cent bonds fell due July 1, 1893. Tillman was Governor of the State then, John Gary Evans, the Senator's closest political and personal friend, and said to be slated as his colleague in the Senate, was the Administration leader of the Legislature, and Dr. Bates was State Treasurer.

The Legislature, at its session in 1891, adopted a refunding bill, suggested by Governor Tillman. This provided for an issue of \$6,000,000 4 per cent bonds to fund the outstanding 6 per cents, and Treasurer Bates and the Governor were appointed commissioners to manage the matter in behalf of the State.

The acts of Messrs. Tillman, Bates and Evans are outlined in the evidence in a suit developed in this city for the division of the commissions involved in the transaction, the brokers and the syndicate which took the bonds having quarrelled. The action was brought here because the funds involved were held by a Baltimore trust company.

The evidence shows that one of the first steps taken by the commissioners was to give a monopoly of the entire transaction to a Mr. Rhind, a broker of Augusta, Ga., whose name does not even appear in the commercial reports. Mr. Rhind testified that early in 1892 he was approached by Mr. Evans, now Governor, and asked to place the South Carolina 4 per cents. He obtained exclusive option on the entire transaction from Governor Tillman late in May, the contract being that he was to receive a commission of 5 per cent on the \$6,000,000—a matter of \$300,000.

Mr. Rhind failed to make the trade, however, and in October surrendered his option. Then Governor Tillman and Treasurer Bates took a turn at it. They visited New York and roamed through Wall street. On returning home they declared that a 4 per cent South Carolina bond would not sell even at 95, attributing the State's poor credit to the course of Charleston bankers and other political opponents of the State Administration.

Mr. Rhind again was called in to take the job in November, 1892. He managed to interest a New York broker in it, after having exhausted all his own efforts and influence. And here the curious fact may be noted that Mr. Rhind testified that he at first did not approach this broker on the subject, although making headquarters in his office, regarding him as too small an operator to undertake so big a trade. Yet this broker is rated high in reports, while Mr. Rhind, who controlled the option, and was trying to use it, is not rated at all.

With the assistance of the New York man a syndicate was formed, headed by the late F. O. French, of the Manhattan Trust Company, which agreed to take \$5,250,000 of 4 1/2 per cent South Carolina bonds on a nominal basis of par flat. This arrangement fell through when Mr. French died.

The New York broker then enlisted the aid of a Richmond broker, and the two again went to work, the Legislature having met in the meantime and started its machinery to pass a new refunding bill, which, it now appears, by the evidence of the persons interested, was suggested by the brokers, through Rhind, to Tillman and Evans. Mr. Evans was not only the Administration representative and leader in the Legislature, but he was at the same time the attorney of Rhind, having been engaged in that capacity, according to his own sworn statement, when Rhind was appointed fiscal agent.

It is, therefore, established by undoubted and unchallenged testimony that Governor Tillman not only let out the job of selling the bonds of his own state exclusively to one man months before the time of sale, but permitted brokers in Wall street and elsewhere to dictate legislation to his Legislature and allowed a paid attorney of the purchasing parties to construct and steer through the Legislature the Act under which the bonds were to be issued.

The Act provided for \$5,350,000 4 1/2 per cent bonds, to run twenty and forty years. These bonds were to be dated and issued July 1, 1893, but they were to begin to bear interest as from January 1, 1893. In other words, a bonus of six months' interest, or 2 1/4 per cent, amounting to \$118,000, was offered to whoever would take the bonds and pay dollar for dollar for them.

The syndicate organized by the New York and Richmond brokers agreed to take the bonds at par and

to accept three-fourths of 1 per cent of the bonus, amounting to \$39,000, making the net cost of the bonds to its members about 99 1/4. The remaining 1 1/2 per cent, or \$78,000, ostensibly went to Mr. Rhind, the man who had been chosen by Mr. Evans, the Administration leader in the Legislature, the man who had emplaced Mr. Evans and Major W. T. Gary, Mr. Evans' uncle, as his attorneys, and who had the option on the entire bond issue before it had been provided for by the Legislature.

It does not appear that Mr. Rhind took any active part in the organization of the syndicate. It is in evidence that he borrowed \$500 from the New York broker with which to meet his traveling expenses. There is nothing in the testimony to show what services Major Gary who is a citizen of Georgia, performed, but the sworn statements show that he was paid \$1,000. Governor Evans, who was supported by people in South Carolina to be acting in the interest of the State, testifies that he came North in Mr. Rhind's behalf, and after the squabble over the division of the commission arose urged on the members of the syndicate the propriety and justice of allowing Mr. Rhind to receive his share, then tied up in the Baltimore Trust Company by litigation. The expense account of the syndicate shows that Governor Evans was paid \$100 attorney's fee and that Treasurer Bates was paid by the syndicate \$2,330 88 for "services."

Mr. Rhind testified that he had not yet so far as his part of it was concerned, paid Governor Evans' fee or learned what it would be. It appears on the record that at least two of the three State officials actively engaged in the negotiation of the bonds were employed and paid by the purchasers.

The impression given to the persons most actively engaged in behalf of the syndicate at the time is clearly set forth in the testimony. Certain members of the syndicate expressed curiosity and interest, natural, perhaps, in the circumstances. They inquired why it was that of \$118,000 bonus offered by the State to purchasers of the bonds, only \$39,300 was available for the actual purchasers who were to furnish the money, while \$78,700 was to go to Mr. Rhind, who was furnishing no money and apparently taking no active part in the deal. The Richmond broker told them he understood—presumably from Mr. Rhind—that the bulk of that sum was to be divided among parties in South Carolina who had political influence. "The New York broker, who was in close association with Mr. Rhind, and whose opportunities for knowledge were best of all, replied that they would better not investigate that; that it was to go to people who would better not be known."

It reads that way in the testimony taken. When Mr. Rhind was on the stand, he was not pressed regarding his use of his part of the bonus, and offered no explanation.

It is not in evidence in this case, but it is a fact capable of easy and direct proof, that Mr. Rhind, while holding the option on the bond issue and endeavoring to induce the formation of a syndicate to take it, stated that he would not get more than enough from it to pay for his time and expenses. It is also true that members of the syndicate who were willing to deal directly with the State and take the bonds for a commission of three-fourths of 1 per cent were officially informed that no proposition could be considered unless they were sent through Mr. Rhind—that not even an offer of par net, without any commission, would be considered, although at that very time Mr. Rhind was demanding at 2 1/2 per cent commission.

When the time came for division of the bonus of \$78,000 the New York man took \$20,000 and the Richmond man \$5,000, for special services and expenses. Mr. Rhind got \$48,500, and Major Gary \$1,000. A peculiar and perhaps significant circumstance is that Mr. Rhind took his \$48,500, not in one draft on the Baltimore Trust Company, but in three separate drafts, all payable the same day—one for \$25,000, one for \$9,000, and one for \$14,500.

To sum up, according to the sworn evidence on record:

Mr. Rhind, who has no special prominence or standing in business circles, and who was not a citizen or resident of South Carolina, was approached by the present Governor, Evans, then the recognized Administration leader in the Legislature.

He was given by Governor Tillman and Treasurer Bates an exclusive option to place \$6,000,000 4 per cents at a commission of 5 per cent fourteen months before the time for the bonds to be issued.

He failed to effect this, and Governor Tillman declared that, after a personal visit to New York, he became convinced that a 4 per cent bond could not be placed. The Governor again gave an exclusive option to Rhind to place a 4 1/2 per cent loan. The syndicate formed to take this fell to pieces. For the third time Mr. Rhind was given the exclusive option.

The men who composed the syndicate got \$39,000, or three-quarters of 1 per cent. The men who organized the syndicate got from Rhind \$25,000, or less than one-half of 1 per cent. Mr. Rhind realized \$49,000, or nearly 1 per cent, on the option given him long in advance of the time for placing the loan. So far as that part of it is concerned it appears to have been a free

gift from the State of South Carolina to a chosen citizen of Georgia, who employed the present Governor Evans and his uncle as his attorneys.

The \$2,000 and odd paid Treasurer Bates by the syndicate is said here to have been for services in removing the money sent by the syndicate from Charleston to Columbia.

Governor Tillman demanded that the syndicate pay for its bonds in currency in Columbia. That was in June, 1893, just about the time of the panic, and it was represented to him that the currency could not be obtained except in silver, which would load six freight cars. He replied with the declaration that the six cars should be delivered to him at the State line, and that he would order out the troops to escort it to Columbia.

"By —," he exclaimed to the banker who was negotiating with him; "you can't scare me by threatening to pay in silver." But he was finally pacified and induced to accept exchange on Charleston.

It is possible that the continued employment of Mr. Rhind and the renewals of the exclusive option to him were the results of confidence he inspired in his ability and that his forty-nine thousand dollar commission is his exclusively, not to be shared with anybody. It is also possible that the duties of Mr. Evans now Governor, as attorney for Mr. Rhind did not interfere with or affect his actions and course in the Legislature and that he could and did separate his private interests and his public duties entirely. It is further possible that State Treasurer Bates earned the \$2,000 paid him by the syndicate fairly and fully. In the language of Marc Antony, they are "all honorable men."

It is not possible, however, for Tillman and his followers, in view of this transaction, with any consistency to accuse the President and Secretary Carlisle of mismanagement, waste, favoritism or worse, or denounce with horror the idea of attorneys or members of trusts, corporations and syndicates sitting in Congress.

Gathered in Augusta.

Tillman, Evans, Rhind and Gary meet there.

Special to The State.

AUGUSTA, June 7.—All of the principal parties who were connected with the South Carolina bond deal, again brought so prominently before the public by the charges in the New York Times, are in Augusta, with the exception of State Treasurer Bates. Governor Evans came here yesterday and to-day Senator Tillman arrived, although it was supposed that he was still in Washington. Mr. Rhind and Major Gary live here. The presence here at this time of all the parties concerned particularly in view of Governor Evans' statement that he and Treasurer Bates would reply to this article in The Times, shows that they have all been awakened to the gravity of the charges at last.

Senator Tillman, now better known as Pritchfork Ben, came down from Washington on Tuesday. He has been spending a few days quietly at his home. He will not return to Washington before congress adjourns.

When I asked him about the bond matter he said he would not reply to The Times article; he had no time to notice every such charge "made by lying correspondents" of newspapers, and when the charges were presented in some form by a responsible party he would answer them. If Governor Evans and Dr. Bates wanted to answer, all well and good. He said he was in Augusta en route to Indiana, where he will deliver a series of speeches this week at Lebanon, Cartersville and other points. Next week he will deliver speeches in Kentucky.

Senator Tillman says there is now no question about the attitude of the Chicago convention as to free silver. Kentucky's action made the result coakure. He says it is bound to be for free silver from first to last. He is of the opinion that a Democratic national victory depends on the man placed at the head of the ticket. He says Boies is now considered the most likely man in Washington, but he fears Boies is too recent a convert to Democracy to win. He says the Republicans are beginning to show signs of great uneasiness.

Tillman does not talk of his own boom at all. He says the Chicago convention is going to be for 16 to 1 all right, but the "bust is going to be made by the gold bugs."

E. J. W.

Cycles and Railroads.

A London correspondent of the Paris Messenger, in speaking of the usual and general exodus from that city during the Whitstide holidays, says that the excursions from metropolis were almost wholly made on wheels. On Whit-Monday it was impossible to hire or even to buy a bike in London. The railways begin to feel the effect of their form of transportation, which exceeds the most extreme anticipations. At the same time the rush for bicycles was a sort of relief for railway, omnibus and other vehicle passengers, which the rapid transit companies, however, did legs enjoy than their fugitive customers. A sad side of the matter appears in the statement that business is seriously affected by the expensive new craze.—Baltimore Sun.

Visiting Condemned Men.

HABANA, June 7.—Consul General Fitzhugh Lee to-day visited the men who were captured on the filibustering American schooner Competitor and who are now confined in the Cabana fortress under sentence of death. General Lee found the prisoners lodged in unhealthy quarters and will request Captain General Weyler to order that they be given better accommodations. The consul general also saw Julio Sanguilly, an American citizen, who is under life imprisonment for conspiracy against the peace of Spain and whose case is now before the court of cassation in Madrid.

It is said that Gen. Lee, as a special favor, requested Captain General Weyler to release Mr. Dawley, the correspondent of Harper's Weekly, who was arrested a few days ago. The request was granted and it is expected that Dawley will be released from Morro Castle to-morrow.

Amazons in Cuba.

Key West, June 7.—It has been learned here on undisputed authority that Maceo has an army of 20,000 men and they are strongly fortified in the mountains of Pinar del Rio, the Spaniards having utterly failed to drive them from their strongholds. Maceo has eight cannon, two of which were captured from the "trocha" on his recent attack, when it was reported that he was repulsed.

The report that Maceo has four companies of woman soldiers has been confirmed. The Cuban women have such a dread of Spanish brutality, that many of them prefer fighting on the battle-fields beside their husbands and brothers to being thrown into the forts at the Spaniards' mercy.

In Maceo's recent attack on the trocha, these amazons took part and fought fiercely, using machetes on the Spaniards. The attack was made north of San Marcos and General Bermudez crossed into Habana province with 1,500 men.

TOLEDO, June 6.—All the Toledo bicycle factories except two, and which employ altogether about 6,000 men, are to shut down for an indefinite period next week. This is said to be the first movement towards curtailing the output of wheels, and the primary object of which is to force prices up to the \$100 notch on standard machines. It is further stated that the factories in many other cities are to follow suit.

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