

Trying to Explain.

Tillman and Bates Make an Explanation of the Bond Transaction.

THEY TELL ALL ABOUT FUNDING THE DEBT.

But Nothing About Where the Commission Went.

It Will Hardly Satisfy the People who Want and Demand Explicit Information Concerning the Commissions that Rhind Did Not Get.

At last Senator Tillman speaks on the bond deal matter. He stated that he would not have anything to say until "some responsible party" made the charges, but as was indicated in The State's special from Rock Hill last week, he has seen the necessity for giving the people a statement in regard to the matter and here it is:

To the public:—I have been absent from the State during most of the last two weeks, making silver speeches in the west, and have been ignorant of the furor created by the unsigned articles in the New York Times, charging crookedness in the bond matter. I read it, as copied in the State papers just before leaving South Carolina, and immediately decided that the author was my political and personal enemy and a South Carolinian. I did not feel that the anonymous attack was worthy of notice and so stated to a reporter. On my return I find that A. B. Williams is known to be the writer, and this statement of itself, will be sufficient to most men as to the motive of the attack and truth of the charges. I learned further that Dr. Bates had written a card explaining the receipt by him of a commission amounting to about \$2,000 for extra and unofficial work, but apparently shunning or ignoring the graver charges directly or indirectly made of a collusion with Rhind and the commission. On arriving at Columbia, I found Dr. Bates had prepared a full statement of the whole bond transaction, but under bad advice had confined his statement as published to an explanation of the commission paid him, which was not at all satisfactory even to his friends, and thereby had invited rather than disarmed criticism. He submitted this statement to me and now gives it to the press at my suggestion. I have read it carefully and can corroborate as true everything it contains as to the facts of the case.

But for the fact that there are others involved in the so-called "bond scandal," I would adhere to my original purpose of treating it with silent contempt, because Gen. Butler made practically the same charges at Waterboro in 1894, and I made a full and complete answer to them then. I recognize, however, that the shafts of slander and malice which have fallen harmless from me may wound others who are not less worthy of public confidence. I take occasion, therefore, to repeat what I said at Waterboro two years ago. I have never received one dollar of Rhind's commission, and never made any agreement, directly or indirectly with Rhind or any one else that would give me compensation for making the contract upon the terms agreed upon. I worked in the State's interest and for her benefit wholly, and it is simply damnable that the papers of the State should give currency and quasi endorsement to these repeated slanders and lies.

I take occasion to say that the work done by Dr. Bates was entirely outside of and apart from his official duties, and that every criticism of him for it, in my judgment, is unreasonable and unjust. He consulted me as to the propriety of doing it, and I did not then and do not now see why he should have refused to do the work that in no wise conflicted with his official duties, and which did not cost the State one cent. On two occasions Dr. Bates, in the plenitude of caution for what he supposed to be for the best interests of the State, refused to sign the modifications of the contract which the exigencies of the situation demanded, and I overruled him because I saw it was our last and only chance.

The agreement to do the work for the syndicate was made two weeks after the last compact was signed, and he signed that under my persuasion I was associated with him four years on the terms of the closest intimacy. If he is not an honest, honorable, conscientious and high-toned gentleman, then we have none in South Carolina.

B. R. Tillman.

DR. BATES' ADDRESS.

The following is Dr. Bates' statement, referred to by Senator Tillman:

To the People of South Carolina: On June 11, I gave to the press a brief statement explaining the payment to me by the bond syndicate of \$2,031.25 for extra services to them during the refunding of the State debt. That document, instead of being criticised in the light of past events, known of all men, and easily accessible in public documents and newspapers, has been made the excuse for the most malignant and out-

rageous insinuations and accusations. Most of them have emanated from papers opposed to the Reform movement and could be attributed to malice and a desire to secure political advantage. But as many Reform papers have been equally unreasonable and severe in their comments, I have decided to give a full history of the refunding matter so that fair-minded men may judge for themselves how unjust and cruel all the insinuations and accusations that have been made against me and against Governor Tillman, with whom I was associated in the transaction.

The original refunding act was passed in 1889. I came into office December, 1890, and at the close of the fiscal year, October 31, 1891, I reported officially as follows:

"I complied with instructions given in the act and had proper notices inserted in newspapers. I also had circulars and copies of the act printed and notices given that they could be had on application by parties desiring information and have sent out a large number of copies. Until July, 1892, the office is restricted to the system of exchanging the new 4 per cent. for the brown consols. But little progress has been made in exchanging. Only \$29,396.70 of new 4 per cents have been exchanged for an equal amount of brown consols. Under the rigid requirement of the act, I am afraid not many exchanges will be affected."

The legislature amended the act in December, 1891, at my suggestion, and provided for the payment of a commission for placing the new bonds if it should be necessary. However, we were still restricted to issuing bonds bearing only 4 per cent. interest and not allowed to sell them at less than par.

In my annual report of October 31, 1892, I stated as follows: "The holders of the brown consols have not shown their willingness to exchange them for the new bonds, but seem to prefer to await their maturity before deciding what they will do. Negotiations for placing new bonds have not yet been completed."

During a visit to Charleston prior to October, 1892, I was told by more than one prominent bondholder and financier in that city, whose names I can give, if necessary, that it was useless for the State to attempt to refund in bonds bearing less than 5 per cent. interest. One of these gentlemen went so far as to say that inasmuch as the State had, under the consolidation act of 1883, settled with the holders of her bonds at 50 cents on the dollar, she ought not to expect her bondholders to exchange their maturing bonds for other than 5 per cent. bonds.

While in New York prior to October, 1892, I was assured by a prominent dealer in South Carolina bonds that the State could not float a bond bearing less than 5 per cent. interest and could not ever float a 5 per cent. bond unless she made some settlement of the non-fundable bonds listed on the stock exchange, amounting to \$5,965,000 and other bonds in which there was an "idity."

Copies of our refunding act and the best showing of our finances that could be made were presented in person or through the mail to such houses as D. Axel, Morgan & Co., but without result.

We have been criticised for allowing one man an exclusive option on the bonds to be issued. We were led to the adoption of this plan on account of the bad condition the State's credit was in, and we had in mind the experience of Treasurer Bamberg when he undertook to refund the deficiency bonds, amounting to only \$400,000. Some of the newspapers noticed his advertisement, savagely attacked the credit of the State, both in Europe and in the United States, and ridiculed the invitation for bids for South Carolina bonds. Other parties wrote him insulting letters. We knew also there were dissatisfied holders of invalid State bonds and other professed creditors of the State, who were aware that the State was approaching a financial crisis. They knew that almost her entire bonded debt and on which she was paying 6 per cent. interest was about to mature and practically the State had not a dollar with which to pay it, and they were planning to take advantage of the situation to force the State to settle their claims. We were informed that other States and communities floated bonds advantageously through brokers or promoters. Therefore, on February 20, 1892, the governor and myself, in the exercise of the discretion allowed us in the refunding act, made an agreement with Mr. J. G. Zachery of New York, granting him an exclusive option for 90 days on the entire issue of new 4 per cent. bonds. This gentleman presented his testimonials from prominent business and representative men in New York and elsewhere. He, however, failed to secure subscriptions for the bonds or contract for the exchange and dropped the matter at the expiration of that time.

On the 16th of May, 1892, an option was granted to Mr. Colden Rhind, of Augusta, Ga., who presented letters from prominent financiers in New York with whom he had business connections and prominent business men of our own State and Georgia. Our agreement authorized him to pay to parties

taking the entire issue of 4 per cent. bonds at par, a commission of \$120,000. The statement in the New York Times that he was offered 5 per cent. on \$6,000,000 of 4 per cent. bonds 14 months prior to time of issue is not true. After some months spent in New York, Mr. Rhind failed in his efforts and reported that he did not think it possible for the State to float a bond at par bearing less than 4 1/2 per cent. interest, and that South Carolina 6 per cent. bonds were then selling at 95 cents on the dollar.

On September 5, 1892, Col. Mike Brown, of Barnwell, S. C., was granted an option. The commission allowed in this agreement was 3 per cent. He also failed in his efforts and reported that a 4 1/2 per cent. gold bond could be floated at par.

During the month of October, 1892, Governor Tillman and myself visited New York and remained there some weeks trying to induce capitalists to take the issue of bonds then provided for. We did not succeed in our efforts. Governor Tillman, in an interview published in the newspapers soon after his return from this visit from New York, said:

"There is a strenuous effort being made by the holders of the old fraudulent bonds to force the State in some sort of recognition of their claim and some of our own people in Charleston are in conspiracy with New York sharks who fattened upon the misfortunes of our people in the reconstruction period. Owing to the virtual cessation of business, produced by the Columbus celebration and the feeling of unrest and distrust which exists because of the uncertainty as to which party will be victorious in the coming election, we found capitalists unwilling to make any offer which we could accept."

The South Carolina bond holders evidently and most naturally preferred to have their 6 per cent. bonds continued, and at the session of the legislature in 1892, an apparent effort was made by Col. J. C. Haskell to have them continued four years, and this had a very demoralizing and depressing effect upon the negotiations then pending in New York.

After our return from New York, I urged Governor Tillman not to abandon all effort even for a time. If public effort on our part was to be abandoned I advised that private effort through a broker be continued as we had no time to lose and the danger of failure was great on account of the serious difficulties in our way. Mr. Rhind was confident, if his plans were approved and he was allowed an opportunity, that he could succeed in arranging with a syndicate to take our bonds and enable us to float the debt. I advised that the opportunity be given him and the result was most fortunate for the State. In my annual report of October 31, 1893, a statement of the refunding matter is given and all the details of the work set forth.

The agreement with Mr. Rhind was suggested by him and made early in November, 1892. It authorized him to open negotiations on either basis stated below:

"First, to sell the present issue of bonds at 95—that is, at par, less a commission of 5 per cent.

Second, to sell an issue of 20 40-year bonds, bearing interest at the rate of 4 1/2 per cent. to net the State par. It being understood as a part of this agreement that either transaction will necessarily be submitted to the legislature of the State for ratification, and we pledge ourselves to recommend to the legislature the passage of an act ratifying such transaction."

During the month of November, Mr. Rhind submitted a proposition from Mr. French, then president of the Manhattan Trust company, on the part of said company and its associates. It was upon this proposition as a basis that the refunding act of 1892 was introduced into the legislature. This act was the same as that of 1889 and 1891, except that it provided for 4 1/2 per cent. bonds instead of 4 per cent. bonds, and they were to be 20 40-year bonds instead of 40-year bonds and provision was made in the act for a cumulative sinking fund to be derived from the royalty on phosphate. The proposition of Mr. French was to take 20 40-year 4 1/2 per cent. bonds at par and place to the credit of the State in the Manhattan Trust company, \$250,000 by December 1, 1892; \$5,000,000 by January 1, 1893, and any balance that might be needed by February 1, 1893. Unfortunately, Mr. French soon afterwards became ill and died. During his brief illness some of his strongest associates withdrew, having become alarmed at the universal shipments of gold from the United States to Europe, the first decided indication of the approaching terrible panic of 1893.

Mr. Rhind, however, continued his efforts and assisted by one or more of the associates of Mr. French succeeded in organizing a syndicate of New York, Baltimore, Richmond, Charleston and other capitalists, of which the Baltimore Trust and Guarantee company, Robert G. Davidson, president, was the agent. This syndicate after much correspondence and delay, entered into a written contract with the State on the 19th day of January, 1893, to take \$2,000,000 of the bonds at par flat, and were allowed an option on the remaining \$3,250,000 until April 1st, 1893, at the same price. On the 17th of March, 1893, the syndicate exercised the option and an amended contract was made binding them to take the entire issue. The bonds were to bear interest from January 1st, 1893.

Copies of the original and the amended contracts are on file, also copies of all the agreements, with the brokers

and the extensive correspondence and all easily accessible. The act of 1892 under which the refunding took place appropriated the money in the sinking fund for the payment of a commission. Not a dollar of this money was used, and strictly speaking, no commission was paid by the State to anybody. The interest from January, to July, 1893, as required by the contract, was paid (every cent of it) to the Baltimore Trust and Guarantee company, or to the subscribers of the syndicate upon their order. How the syndicate settled with Mr. Rhind was his and their own affair and one with which the State had nothing to do. The State would gladly have saved this six months' interest, but her danger and extremity were such that she had to pay it and under the circumstances she was glad to pay it in order to be prepared to meet her debt maturing in July, 1893. She had not the money in her treasury and was obliged to sell bonds in advance in order to raise it. Had an offer to take gold bonds been accepted, I believe she would have been forced to pay interest from January to July, 1893, just the same.

The act of the legislature authorized the payment of this interest, the contract was sustained by the supreme court. The bill was introduced and passed by the financial committee after all the details of the contract had been submitted to him and approved. The only bona fide offer made by any responsible bank or party, before the contract with the Rhind syndicate was signed, was one by Mr. E. H. Pringle of the Bank of Charleston, to take \$250,000 of the bonds at 97 per cent. This was much less than we sold the whole lot at.

Any assertion that members of the syndicate offered to take the bonds for 3-4 of one per cent, is false, and some of the Charleston holders of old bonds antagonized the State throughout.

Gov. Tillman was convinced that they schemed in every way possible to keep us from refunding the debt at all, and desired to get us in their power and then dictate hard terms. The editorial columns of The News and Courier at the time, were cited by him to sustain the truth of this conviction. There was doubtless deep chargin when they found we succeeded in refunding the debt without them.

As for Mr. Rhind's commission, it was a matter that concerned him and the syndicate. Every banker and capitalist in the State knows that the State debt was refunded to great advantage and as economically as could be expected under circumstances in the face of such strong opposition at home and abroad.

The charges or insinuations that I have shared in the commissions allowed by the State are false and without foundation. After earnest solicitation to do the work, and when I saw that it would not conflict with my duties as State treasurer, I did render the syndicate much responsible and valuable service, for which I accepted compensation, not a dollar of which came out of the State. These services were some extra official and others unofficial, and were services I could not have been expected or required to render as State treasurer. They facilitated and expedited the work of refunding, and in rendering them I protected the interests of the State. The matter was not one to be published in an official report but was known and approved of by personal friends and acquaintances of both factions, who are as honorable as any critics in the land. I have in no way violated my official trust; on the contrary the compensation received by me was for services rendered the syndicate upon matters growing out of an unprecedented financial panic then raging over the entire country and threatening to defeat the contract into which we had entered.

Matters arising after the contract had been made and which, but for the services I rendered, would have imperiled the settlement and disarmed the State from meeting its maturing obligation.

The records and vouchers in this refunding matter have been carefully examined by two committees—one of the legislature and the other of the sinking fund commissioners. Transactions covering the recording, cancelling and filing away nearly five and a half million of Brown Consols and the handling of nearly \$3,000,000 of cash involved in the refunding and all done during the panic of 1893 were carefully examined and every voucher, entry and figure were found correct.

The credit of the State has been rehabilitated. She has out-to-day bonds bearing only 4 1-2 interest and they sell readily at \$109.50 to \$110. In 1892 her bonds bore six per cent. interest and sold as low as 95, and some of her most influential and wealthy capitalists were busy undermining her credit.

The successful refunding of the State debt during one of the worst panics this country has ever known, entitles Gov. Tillman and myself, the persons charged with this responsible, difficult and delicate duty to some honor and credit, and I confidently believe these will be fully accorded us by an exacting but just people, though there be those who would not only rob us of that credit, but would rob us of character, as well if they had the power.

In faithful service for the State I have done what I could.

W. T. C. Bates.

Mr. Whitney's Statement.

New York, June 22.—Wm. C. Whitney was seen to-day before he left for Albany to attend a conference of Democratic leaders. He said: "The report that I said that the eastern Democrats were discouraged by the overwhelming majority of silver men that will be delegates in the national convention is untrue. We are by no means discouraged and propose to put forth our most persuasive powers to induce the national convention to adopt a gold plank. We are willing to admit that the silver men will have almost a two-thirds majority in the convention. We rely, however, on our arguments and hope for a victory. We are inclined to believe that we may induce the silver men to recognize the importance of having a gold plank in the platform. Despite the reports that we are discouraged, we are more strongly than ever convinced that we have a fighting chance. Gold men in the east are just getting keyed up on the subject and every day more interest is expressed in the situation by men of importance."

"The gold sentiment is growing stronger."

"I cannot say what will be done at Albany to-day, but in all probability the gold plank to be adopted at Saratoga will be formulated."

The Albany conference of which Mr. Whitney spoke will be held at the apartments of Senator Hill.

SAVANNAH, GA., June 22.—The Georgia Car and Manufacturing company, incorporated with a stock of \$300,000 has begun the erection of its plant here. The machinery of the plant was formerly located at Huntingdon Penn., and was recently bought by Savannah capitalists. The company will employ 400 to 500 hands.

The 8,000 miles or more of railroad tributary to Savannah will give the company practically all of its business in the way of car building, and perhaps the largest amount of the car repairing. Some of the railroads have found it cheaper to have their building and repairing work done by contract than to do it themselves. It is stated that cars can be built here for 25 per cent. less than elsewhere on account of the great timber bleets located near by. A wood vulcanizing plant will also be established in connection with the car factory.

Not many business houses in these United States can boast of fifty years' standing. The business of Dr. J. C. Ayer & Co., Lowell, Mass., whose incomparable Sarsaparilla is known and used everywhere, has passed its half-centennial and was never so vigorous as at present.

Official League balls for sale by H. G. Osteen & Co.

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Prescription Specialist. Prescription department in charge of graduate of Philadelphia College of Pharmacy.

List of Soda Water Drinks for this Season: "Our Own" Lemon Phosphate—over 5,000 glasses dispensed last season.

- Apricot,
  - Banana,
  - Blood Orange,
  - Cherry Ripe,
  - Pineapple,
  - Plum,
  - Quince,
  - Red Messina Orange,
  - Red Currant,
  - Tutti Frutti,
  - Peach, Chocolate, Lemon,
  - Vanilla, Ginger, Raspberry,
  - Strawberry.
- The Above Flavors in Ices or Soda Water.

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Something new and original in tablets at H.G. Osteen & Co.'s Book Store. Tablets with paper doll covers for 5 cents

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List of Soda Water Drinks for this Season: "Our Own" Lemon Phosphate—over 5,000 glasses dispensed last season.

- Fruit Phosphate,
  - Orange Phosphate,
  - Raspberry Phosphate,
  - Wild Cherry Phosphate,
  - Grape Phosphate, and others.
  - Ice Cream Soda,
  - Milk Sherbe,
  - Egg Phosphate,
  - Egg Lemonade,
  - Lemonade,
  - Lime,
  - Coca Cola, Wine Coca.
- SOMETHING NEW EVERY FEW DAYS DURING THE SEASON. Prices same as last season.

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