The Watchman and Southron.

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THE PENITENTIARY INVESTIGATION.

ERRORS BY THE BOOK-KEEPERS.

The penitentiary investigating committee met to-day at 12:30 at the penitentiary. The committee consists of Representative Stevenson, of Chesterfield, chairman; Senator Hay, of Kershaw; Senator Livingston, of Marlboro; Representative Patton, of Richland; and Representative McDow, of York.

Colonel Neal was present and was ready for the investigation. He will have no attorney, so confident is he that everything will be found all right.

The committee decided to hold the meetings in the room of the senate judiciary committee. The actual taking of testimony will begin this afternoon at 3:30 o'clock.

While at the penitentiary the committee had a private consultation with Mr. John Taylor, the expert bookkeeper. The conference was in the shape of indicating in what form Mr. Taylor's report should be made. He had his data but not his report. His testimony will be the first to be taken this afternoon. While he would not give out anything in advance of his report, it was currently reported among penitentiary officials that no wrong doing had been discovered.

The board of directors were in session to-day, but the meeting had nothing to do with the investigation. It was stated that only routine monthly business had been transacted.

Captain Griffith and Colonel Neal held a conference to-day in reference to turning over the institution. This will be done on Friday, though the complete transfer will not be made until several days later, after farms, etc., have been inspected.—Columbia Record.

AT THE AFTERNOON SESSION.

Mr. Taylor testified that he had been a bookkeeper in the State treasury for twenty-three years and was, consequently, familiar with the bookkeeping. He checked the posting in the day book, journal and ledger from January, 1893. There were a few inoperatively unimportant errors, but nothing that would indicate want of a proper system of keeping.

Mr. Stevenson asked whether there was any reason to suspect dishonesty.

Mr. Taylor replied that there was nothing to indicate any dishonesty. There were merely clerical errors in bookkeeping. In posting the deductions there is an excess of $7,078.05 to be deducted from the credit side. The $19 and $24 were additions to the credit side. The balance then would be $6,909, to be deducted from the credit side of the prison account. He thinks there are credits due to that account, but he has not had time to investigate.

In reply to Col. Neal he said that he did not say that the penitentiary is short. The $6,909 means that there is neglect in not putting down on the ledger figures amounting to that much. So far as he could see there is no reason to suppose that the status of the penitentiary is wrong. He did not think anything wrong except what he called errors in bookkeeping. That is as far as he could judge from his examination.

Cross-examined by Mr. Stevenson, he said: "This amount arose from the failure to carry the figures from one book to another. If all the items had properly transferred the account might be correct."

Col. Neal remarked, sotto-voce: "that's all right."

Chairman Cunningham, of the board of directors, was the next witness. He has been chairman eight years, since Col. Tolbert went into office. As to the hiring of convicts, he said they were hired in various ways. Cash or credit plans were adopted. Generally about November the contract matter is taken up. The directors first decide on what surplus labor they would have and as to its price. The superintendent is then instructed to place it. A contract is required, and a sufficient bond is also required. Notes have been taken for labor. In regard to discounts, one time last year the superintendent was instructed if he made notes to fix them so they could be discounted. Previous to that he did not think it had been done. It has been reported from the Carolina National Bank that there were past due several notes. One note was by C. W. Ragsdale for $2,000, due December 24, 1898; another of W. W. Russell for $600. Then there was a balance of a note of Mr. Scarborough of $48, but that has been paid up. J. B. Watson had a check for $2,600, which was unpaid when the witness got this statement from the bank, ten days ago. He presumes that the Ragsdale and Russell notes were endorsed by the superintendent, though he did not know. The $2,600 was a check to take up a note of B. B. Ragsdale. Witness got the note by depositing the check, which was a five day paper on an Anderson bank. It was held up and not paid by Mr Watson. There are no records in the penitentiary as to this note. We made a contract in 1896 with Mr. Watson for three years. Settlements were made in 1896 and and 1897 in cash. We presume this note was made for the purpose of making the settlement. The penitentiary was liable through the endorsement of the superintendent. The directors were getting cash, and they did not know anything about these notes. He first learned of these notes during the Legislature, about the time of the election for superintendent. The contract was made with Watson, though he used the convicts on a farm formerly owned by Col. Neal. He did not know how the Ragsdales got mixed in it. Mr Watson had told witness that he had a lease of the farm. As to the C. W. Ragsdale note, it is the same in amount as that due for convict hire by Mr. Watson in 1896. He knows nothing about the Russell note. He thinks Russell is a railroad contractor and his home in Anderson County. He had asked Col. Neal about these notes, but he did not get any information except that they would be settled. Watson's contract for 1898 is unpaid. The contract is for about $2,500. He could find no bond with the contract. W. H. Hammond, on the books, is due about $700. He denies that he owes it, claiming to have paid it to Col. Neal. It does not show on the books. The same is true of the Cooley and Fowler contract, for about the same amount. The Fretwell account is also claimed to have been paid to Col. Neal. Cooley is a different man from Cooley, superintendent of one of the farms. W. W. Russell and Col. Neal are brothers-in-law. As to the produce made on the farms, a great deal is consumed on the farm. Cotton and oats are about all that is sold. The rest is used in the maintenance of the penitentiary. So with the meat.

By Mr. Livingston: The contract with Watson was made in 1896. It was in writing. It was known that the convicts were to work on land of Col. Neal's. Mr. Watson reported he had the land leased. He could not see anything wrong in it. He presumes that the C. W. Ragsdale note was for the payment of the first year's contract. He does not know who C. W. Ragsdale is, but has heard he is a brother of the other Ragsdale, who works for Mr. Watson.

By Mr. Stevenson: Contracts have been made this years for about 263 convicts, which includes the Clemson convicts. The Penitentiary gets about $6 per month for a farm hand. The man who hires pays for food and the guard. The bulk of the convicts hired this year go to Anderson County. Mr. Watson, Mr. Hammond, Cooley and Fowler have some. These contracts were brought up for approval, and the board at first refused to approve. The men pleaded that they would settle up their accounts, although they claimed not to owe the money, rather than lose the contracts. Mr. Watson's contract is not for work on the Neal farm. He assured us his indebtedness would be paid. None of those in arrears have paid up to the present.

By Mr. Hay: The superintendent sold the oats on orders from the directors. The cotton was sold in various markets. The board has every reason to believe that these sales were honestly made. They all knew what had been made on the farms.

By Mr. Patton: The contractors who claim to have paid Col. Neal said they had receipts, but they did not produce them. They came to Columbia to renew the contracts and brought no papers with them. The board authorized him to make the collections, but no action was then taken to investigate whether they had paid or not. This was to be done at the present meeting, and the delinquents had been warned that they must settle up.

J. S. Fowler, of Cooley & Fowler, came next. As to the balance against him in the penitentiary report, amounting to over $800, he said that he had paid Col. Neal $500, with which he had not been credited. He first knew of it in August when the bookkeeper sent him a bill. The money was paid on February 24, 1897. He produced a receipt in the shape of a draft, which was marked paid. It was drawn on him by Col Neal. There were expense accounts, loss of time, etc., which reduced the amount he owed, and which has been settled by him. There was an understanding that the money would be paid, but they didn't expect to lease again. At the time it was brought up Col. Neal was sick, but he did not remember exactly what arrangement was to be made. But the matter was to be left open. Col. Neal was to go up the country, and get the money. Col. Neal was to settle with me. The contract was renewed with that understanding. If Col. Neal arranged to secure me for the money I was to advance it to him. He saw Col. Neal, who said he had travelling expenses and accounts which would balance the matter. No arrangement to settle the matter has been perfected just yet, but he would know before he left Columbia what was to be done.

At this point the committee took a recess until to-morrow morning at 10.30. Mr. Cunningham will probably be recalled and other members of the board will be witnesses. Mr. Watson is here, and it is said that he is to settle up his accounts at once. He will also be a witness, as will Mr. Hammond, who claims to have paid Col. Neal.—Cor. News and Courier.

From Columbia Record, March 9.

The investigation was resumed at 10.30 this morning, Mr Fowler being on the witness stand. He repeated that he had not received credit for the $500 he had paid to Col Neal by draft. Taking the expense accounts, etc., they might take up the amount. The discrepancy is in reference to the draft of 1895.

Mr. R. B. Watson was next sworn. He was shown a contract and said it was for work on a plantation he owned, which was formerly owned by Col Neal. He acquired it in 1893. For 1896 '97 '98 he did not work convict labor under the contract. Col. Neal worked it. He resold the farm to Col Neal for $14,000—a credit transaction. He didn't remember whether it was before or after the contract for convicts was made, but thinks it after. Papers were produced showing that the convict contract and the transfer of land was made on the same day. He got no convicts during '96, '97, 98 for his own use.

Referring to the penitentiary report for 1896, he is credited with paying $2,000 or more for convict hire; he said he knew nothing of it. He supposed if he was liable, it was under the contract, but he never used convict hire. In January, 1897, he is credited with paying over $300 as a balance for 1896. He denied that he owed any balance. In April, 1896, he was credited by the report for $1,482 75. He was not positive whether he had paid that on the settlement of his contract, which expired in 1895. Since then he has not used one hour of convict labor. In 1896 Mr Burriss wrote that witness had given a note for the hire of convicts for that year. The cotton raised on the Anderson and Pickens farms was sold to factories. The balance coming to me to pay for the land was turned over to Col. Neal. The amount was $1,465.85. It was to be credited to payment for convict labor. He got a receipt signed by Superintendent Neal. Mr. Stephenson remarked that there was no credit in the report. Mr. Watson said in letters and from personal statements from Col. Neal he was told that all accounts had been balanced up he supposed it was correct. Col. Neal ran the Pickens farm. C. W. Ragsdale superintended the Pickens farm and B. B. Ragsdale the other. He didn't know exactly how many convicts were worked. As to the check for $2,000 given by him, he said his attention was called to it when he read the report for the past year. He looked over the report and found his name appearing as due $2,574. He made inquiry. It was not in conformity with the agreement and he asked Mr. Burriss about it, who said the account in my name amounted to $2,800. But some expense would have to come off, amounting to $200. He saw Mr. Cunningham, who showed him a memorandum furnished him by the Carolina bank on which the Ragsdale notes appeared. His impression and mine was that the B. B. Ragsdale note was for convict hire for 1898 and that of C. W. Ragsdale for 1897. Then he asked me to see if I could arrange matters, stating that Col. Neal had said he had about 250 bales of cotton unencumbered. Col. Neal was sick, but he told me that he had about 175 bales. Considering his prostration and the fact that he had promised to pay $2,700, and knowing that I would be protected by the land, I gave Mr. Cunningham a draft, and also in consideration of the statement which had been handed to me by Col Neal in reference to convicts hire for 1897.

He said it was painful to have to tell the reason why he recalled the draft. It was a ten days' draft. His first draft was for $2,600. Mr. Clark, of the bank, didn't appprove of this, and another was drawn on January 25, 1899. I expected to get $2,700 from Col. Neal, as a third payment on the land. In November he stated he would be able to pay it and went on to say something about the balance. He said he had arranged to borrow the balance. One man proposed to loan it to him for 7 per cent. payable semi annually; another at 8 per cent. annually. He asked me about it and told him if he lost his job he would advise him to take the 8 per cent. As to why I notified the bank not to pay it was in consequence of papers on the cotton which would prevent me getting it. There was a $2,000 note in the Farmers' and Merchants' Anderson bank which Mr. Fowler had endorsed and which had gone to protest. Mr. R. M. Burris, and Mr. J. Q. Hammond were the other endorsers. The note was made by Col. Neal. They notified Mr Ragsdale not to move any cotton from the farm. He went over to take the cotton to sell it and meet the draft, when he was notified that others had a lien on it. Then he told the bank not to pay the note. He has never ascertained from Col Neal what those Ragsdale notes were given for.

He had told Col. Neal he had given the draft and Col. Neal told him that if he had had the opportunity he would have advised witness not to have done it. I told Col Neal that he knew that I was not morally responsible for the hire, and Col. Neal replied that was true. Col. Neal's general tenor was that he himself was responsible. He said so. He said Col Neal told him that he had informed the board of the transfer of his contract, and he was shocked when some of them told him they knew nothing about it. He was dealing with Col Neal as an individual and did not know that there was anything contrary to law in the transaction.

In answer to Senator Livingston he said there was no secret agreement so far as he was concerned. He had nothing to conceal. He didn't know whether the board knew about the reconveyance of the farm. He said that he had told the board that he did not hold himself liable for the hire. This when Mr Cunningham showed him the memoranda during the session of the legislature. He could not remember whether he had made the verbal agreement with Col Neal about the use of the convicts before or after he made the contract for convicts. It was really Col. Neal's contract and witness was never required to sign a bond as had previously been the case. He produced some letters and papers bearing on his testimony as to the sale of cotton.

Mr. R. E. Burriss, bookkeeper of the penitentiary, was the next witness. He has kept the books during Col. Neal's term. He saw only the B. B. Ragsdale's note. Gong back to 1896 the Watson contract was made. The first note which came to him was in April, 1896, for $1,560 and was given by Mr. Watson. It was payable in the fall. The note was not paid at maturity, but was charged by the bank to the penitentiary account. On December, 1896, the note and interest after maturity was charged. The amount was $1,560, less the discount. The hire for 1896 amounted to something over $1,800. Some time in 1897 Col. Neal told him of a settlement he had had with Watson and turned over $318 87. Col. Neal said the note had been settled up and the $318.87 was to go on convict hire for 1893. He thinks the note of one of the Ragsdales was taken up in this transaction.

In February, 1898, Mr Clarke, or Col. Jones, told him they had a note of B. B. Ragsdale. He called Col. Neals attention to it and he said it had been arranged. He didn't say anything about the circumstances of giving the note. In February, 1898, was a $2,398 note by Watson to cover the '97 convict hire. In April, 1897, there was a payment of $172 by check, which was not paid. Col. Neal said he would arrange the matter with the bank, and it was carried as cash. It was given by Col Neal personally, he saying he would have to pay discount on the note. He knew nothing about the Neal and Watson private contract. Col. Neal had never told him anything about it. He knew nothing about the C. W. Ragsdale note until about six weeks ago, when he learned of it through a letter to Col. Neal. Col. Neal deposited notes in payment of 1898 convict hire. He was under the impression it was a Watson note. As to the account of W. Q. Hammond of $992 at the January meeting of the board, he asked the chairman to ask parties owing to come down and settle. They came in February, Mr. Hammond produced a statement, a draft and check. The check was on bank of Anderson of November 27, 1895, for $500, given to Col. Neal as superintendent. He said that was in advance for 1896 convict hire. At the end of 1895 there was to his credit $49 24. The check had no connection with that. That check does not appear to have been deposited in a Columbia bank. The check was stamped paid by the Andersan bank. The proceeds have never been entered upon the books of the penitentiary. He is not aware that the penitentiary ever got the money.

On February 24, 1897, Mr. Hammond was drawn upon by Colonel Neal for $756 17 at ten days. That draft was discounted at Farmers and Merchants bank of Anderson. It was deposited to the credit of W. A. Neal, superintendent. The Fowler draft was drawn on the same date. That made somewhat over $1,300 on deposit in the Anderson bank. It appears on the books of that bank that the amount had gone out during March of the same year. The officials said it was drawn out by a draft from Columbia. The Carolina bank says it was for $1,352.-12, which was given then on Feb. 26, 1897. On that date Neal told him he had deposited W. Q. Hammond's account, $556 17, $300 less than the draft Colonel Neal had drawn on him. Also $255 on the account of Cooley & Fowler, $244 less than the draft Mr. Fowler accepted. The Carolina National bank informed me that $812 and some cents, the sum of the two amounts deposited, were to the credit of Colonel Neal superintendent. He also deposited $539.95 to his personal account. That, with the deposit to the credit of the superintendent, makes up the amount of the Anderson draft. Colonel Neal told him to credit the $238 95 to expense account and the items would be given him later. But this has never been done. Mr Cunningham had sent him to Anderson to have a settlement with Mr. Hammond and there he found out the facts.

The accounts Colonel Neal put to his own personal account in the bank could not go to the expense account. Expense accounts are never paid to the superintendent. The statement that the amounts had gone to the expense account was a misrepresentation of facts. Mr Hammond after paying expenses paid $856 17 and the penitentiary did not get $300 of the amount. The J. J. Fretwell case was for a thousand bushels of oats at 50 cents a bushel. Mr. Fretwell showed him a receipt from Colonel Neal in settlement. He ascertained this since January.

He knows nothing about the W. W. Russell note. There was a Fretwell and Russell note for $625, of which the penitentiary got $600, the $25 being for discount. W. W. Russell had never hired convicts. Sometime during '98 Russell and Fretwell were urged to settle the note. Later he was informed by the bank that the penitentiary had been credited with $600. Fretwell and Russell owe something like $235 over and above the note.

The committee took a recess until 3.30, in the meantime holding a private conference.

COL. NEAL ADMITS

That He Used Penitentiary Money Privately.

Columbia, March 10.—Colonel Neal was on the witness stand yesterday. He told of his financial troubles at the time of his election as superintendent and how he had deeded his farm to Mr Watson to secure him for $6,000. B. B. Ragsdale was foreman of the farm and Colonel Neal agreed to help Watson out by paying $500 a year out of his salary. Watson was to keep an account of what was made on the farm and if he could pay himself he should do so and turn the farm back to Neal. This arrangement was kept up during '93, '94 and '95. Ragsdale became dissatisfied and other arrangements had to be made. Watson counted up that Neal owed him $14,000 to pay for the place, and Colonel Neal agreed to take charge of the place and pay $2,000 a year and 7 per cent on the $14,000. Watson made a contract for 30 convicts. The first year Colonel Neal paid him $3,000, including expenses. It took about all that was made and it was the same thing in 1897. No settlement has been made for the past year. During 1896, '97 and '98 the manager was dissatisfied and "Watson turned over the place to us to run as best we could." The crops from the Pickens place were used to pay Watson.

He admitted that the penitentiary had not been paid for the use of the convicts. The only thing to represent payment was the two Ragsdale notes which have never been paid. He admitted that the convicts under the Watson contract were to be used by him and he was to get the benefit of the [illegible].

In answer to a question he said that money which should have gone to the payment of convicts hire for 1896, '97 was paid on his personal debt to Watson. He said he never made a dollar on either of the plantations for the year mentioned.

A receipt signed by Colonel Neal for $1,465 85 and given to Watson was shown. He could not recall what it had been given for, and the following colloquy between Colonel Neal and Watson occurred as to the receipt:

"What is your recollection?" asked Colonel Neal of Mr. Watson. "Wasn't the crops of '96 cotton off of the two farms taken to Piedmont and Pelzer and sold by me?"

"Yes."

"And we had a settlement on February 22, 1897, in which you paid me the amount due on the first installment, and there was a balance left over that I gave you a check to the Bank of Anderson for?"

"Yes."

"But I didn't give you no receipt as superintendent for it?"

"You gave me that receipt," pointing to the one in Colonel Neal's hand.

"There was no transaction at all in reference to it?"

"You gave me that receipt."

"The cotton was sold in your name and the money deposited in the bank for it. The cotton was delivered at Piedmont and Pelzer and sold by you at both places, and the money deposited in the Farmers' and Mechanics' bank?"

"I beg your pardon. One draft on the Bank of Anderson," replied Mr. Watson.

"Anyhow, the money was deposited in your name in the bank and then and there paid out by me for expenses. Mr Ragsdale got his salary right in your presence?"

"No, he wasn't there. Nobody was there but you and me and it was distinctly understood when that note was given—"

"Which note?"

"That note you are talking about. That I was to sell the cotton myself and take out the first payment and pay you for that note on convict hire."

"No, sir."

"In accordance with that we had the settlement."

"Now, Belton you know that the balance of that cotton crop, aside from what went to pay you that year, was paid out that day in town to Dick, Tom and Harry for expenses of making that crop and that no part of it was paid to me as superintendent of the penitentiary."

"Will you say that that was not credited to you at the Farmers' and Merchants' bank to your individual account on that day?"

"As superintendent?"

"I don't know how you deposited it but to your individual account."

The Ragsdale notes were given to keep from bothering Mr. Watson. The board didn't know anything about it.

He acknowledged that he got $500 from Mr Fowler and had it charged to himself for traveling expenses. He kept a memorandum of expenses and settled at the end of each year. While this money had been used no account of it appears on the books.

Mr. Watson was the first witness this morning. He produced a telegram sent to Colonel Neal on February 2, 1899, telling him to protect draft, as he declined payment. Colonel N. wired back to hold the draft, he would go to Anderson in a day or two.

A letter was read from Neal to Watson, sent November, 1896, in which he expressed the opinion that the cotton would pay all expenses and leave some to pay to Watson.

A letter of March, 1898, from Colonel Neal was read. It was a personal note in reference to selling cotton. Another during the same month, but it had no especial bearing on penitentiary affairs proper.

Colonel Neal was recalled and Mr. Stevenson asked him about the Russell note for $600. The note was for what he was due for convict hire.

Besides the note there was possibly a sum of $200 in dispute. The firm of Russell & Fretwell often made notes during the continuation of their contract. He could not say that he could realize on the note through Russell's property. Fretwell himself is a poor man. Sometimes both would sign notes and sometimes one. They paid promptly until they got in some trouble with the 3 C's road. There will be no trouble about the note—it will be paid.

Mr. Stevenson remarked that it was already past due two months.

He said that the note had not been reported as paid to the penitentiary.

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