

C. C. HUTCHINSON.

LETTER

FROM THE

SECRETARY OF THE INTERIOR,

TRANSMITTING,

In response to House resolution of the 21st ultimo, report from the Commissioner of Indian Affairs in relation to the defalcation of C. C. Hutchinson, late United States agent for the Ottawa Indians.

MARCH 2, 1876.—Referred to the Committee on Indian Affairs and ordered to be printed.

DEPARTMENT OF THE INTERIOR,
Washington, March 1, 1876.

SIR: I have the honor to transmit herewith copy of report, dated the 26th ultimo, from the Commissioner of Indian Affairs, together with accompanying papers, being in reply to resolution of the House of Representatives, dated the 21st ultimo, calling for information in relation to the defalcation of C. C. Hutchinson, late United States agent for the Ottawa tribe of Indians, and addressed to the Commissioner of Indian Affairs.

You will also find inclosed copy of a letter from Hon. Geo. S. Boutwell, late Secretary of the Treasury, dated January 25, 1872, with copy of letter inclosed from J. H. Robinson, assistant solicitor of the Treasury, dated January 24, 1872, in which he recommends the acceptance of the terms of compromise offered by late Indian Agent C. C. Hutchinson, in full satisfaction of the claim of the Government against him, and copy of letter from Hon. C. Delano, late Secretary of the Interior, in reply to the same.

Very respectfully, your obedient servant,

Z. CHANDLER,
Secretary.

The SPEAKER of the House of Representatives.

DEPARTMENT OF THE INTERIOR,
OFFICE OF INDIAN AFFAIRS,
Washington, D. C., February 26, 1876.

SIR: I have the honor to acknowledge the receipt of a resolution of the House of Representatives, of date February 21, 1876, calling for

information in relation to the defalcation of C. C. Hutchinson, late United States agent for the Ottawa tribe of Indians.

To enable a full understanding of the case, I have the honor to submit the following statement:

By the provision of a treaty, concluded August 30, 1831, (Stats., vol. 7, p. 359,) the United States granted to the "Ottawa Indians of Blanchard's Fork and Roche de Bœuf," seventy-four thousand acres of land, in what is now the State of Kansas. June 24, 1862, a treaty was concluded with the Ottawas, by the provisions of which their reservation was to be disposed of as follows: 1. An allotment was to be made to each person or members of the tribe, and to certain individuals therein named. 2. After such selections or allotments had been made, twenty thousand acres of average lands were to be set apart for the purpose of endowing a school for the benefit of the Ottawas, in addition to one section of land upon which the school was to be located. 3. The remainder of the reservation was to be sold by the United States Indian agent to actual settlers at not less than \$1.25 per acre, in the manner provided by the ninth article of the treaty.

C. C. Hutchinson was, at the date of this treaty, and for several years afterwards, United States agent for these Indians, and sold a large quantity of their lands as provided in said ninth article, and received the price therefor. At the date of his retirement from the service as such agent, the accounts of Mr. Hutchinson showed his indebtedness to the Government to be \$33,958.69, of which amount the sum of \$30,603.94 was received from the sale of lands under the ninth article of the treaty. August 14, 1867, the subject was referred to the Treasury Department, with a view to having suit instituted against Mr. Hutchinson and his bondsman, the amount of whose bond, however, was only \$20,000. Suit was instituted in the United States district court for Kansas for the sum of \$41,993.71, being the amount of the deficiency with interest.

Hutchinson procured a receipt, copy herewith, under date of April 15, 1869, from the duly-accredited delegates of the Ottawa tribe of Indians, they being, according to statement of Superintendent Hoag, empowered by the tribe to give such receipt, for the sum of \$41,993.71, alleged to be due from him, wherein the Indians acknowledged the sum named to have been expended by Hutchinson for their benefit in the erection of school-buildings, improvements of their lands, and for other beneficial purposes, and that the same is in full of all demands against the United States or said Hutchinson on account of the trust, school, or other moneys of said tribe received by Hutchinson as agent and hitherto unaccounted for.

The suit, according to Mr. Hutchinson's representations, was decided in his favor, on the ground that inasmuch as the proceeds of the sale of these lands were to inure to the benefit of the Ottawa Indians, they had the right to direct the appropriation thereof while in his hands.

A new trial, he asserts, was granted upon motion of the United States district attorney, upon the ground the receipt presented by him had not been acted upon by the Secretary of the Interior.

Instructions were sent to Superintendent Hoag, September 31, 1869 to investigate all the facts and circumstances under which the receipt was given, and endeavor, if possible, to satisfy his mind whether there were grounds for the presumption of fraud in connection with the transaction. January 13, 1870, Superintendent Hoag reported (copy herewith) that he had made the examination as directed, and failed to find any evidence of fraud on the part of Hutchinson, and recommended the

acceptance of the receipt in question by the Government, in full satisfaction of all demands against Mr. Hutchinson.

The report of Superintendent Hoag was referred to the Department, and, under date of March 12, 1870, Hon. J. D. Cox, then Secretary of the Interior, decided that, "assuming the whole amount for which Hutchinson is in default has been in fact expended, as he declares it to have been, either for the benefit of the school or in some other form directly for the benefit of the Indians, I am still unable to see how it is possible for this Department to recognize the expenditures so made as forming any part of a legal settlement of his accounts with the Government. * * * As a question of settlement with the Indians, I am obliged to conclude that the acceptance of such a paper (the receipt above mentioned) as a valid voucher in the hands of an agent of the United States would be every way contrary both to the laws for settlement and disbursement of moneys put into the hands of agents, or coming into them by authority of law, and would also be contrary to every sound rule of policy in regard to the dealings of agents with Indian tribes, opening the door to so great abuses as to make it impossible for the Department to accept such a mode of settlement."

Copies of this decision were furnished to the parties interested, since which time the records of this Office afford no information of further action in this case, except an entry upon refunding requisition No. 433, showing a deposit by Hutchinson of \$1,000 in full satisfaction of the claim of the United States against him, according to letter of the Assistant Solicitor of the Treasury of February 19, 1872. It is my understanding that this payment of \$1,000 was the result of a compromise of the suit, made by the Department of Justice, by which, in consideration of such payment by Hutchinson, the suit against him was discontinued and his accounts settled by the Treasury Department.

Whether this compromise was effected at the instance or with the then Secretary of the Interior, I am unable from any official data in this Office to state. The resolution of the House of Representatives is herewith inclosed.

I have the honor to be, very respectfully, your obedient servant,

J. Q. SMITH,
Commissioner.

The Hon. the SECRETARY OF THE INTERIOR.

OFFICE SUPERINTENDENT INDIAN AFFAIRS,
Lawrence, Kans., Firstmonth 13, 1870.

Hon. E. S. PARKER, *Commissioner :*

In response to Office letter of November 12, 1869, giving me instructions additional to those contained in Office letter of 3d September, 1869, in conducting the investigation of the affairs of the Ottawa University, &c., I have to say :

The testimony given in the investigation, under the instructions in letter first above referred to, is so interwoven with that of the general matters of the Ottawa Indians, as appears in transcript of said investigation marked "B," that I find it necessary to glean from it what is therein adduced in reference to the case of C. C. Hutchinson.

I have not only carefully examined the signers of said receipt referred to in Office letter of November 12, 1869, and under oath, but, from personal interviews with them and others in whom I have confidence, I have failed to find evidence of fraud on the part of the said C. C. Hutchinson.

This receipt was given by the duly-accredited delegates of the Ottawa tribe of Indians, they being empowered so to do, to said Hutchinson on the 15th of April, 1869.

The whole tribe are familiar with the facts, and I have not learned that any member thereof is in any respect dissatisfied, but, on the contrary, all desire and urge its acceptance by the Government. In confirmation of which, regarding the Ottawa Indians now in the Indian Territory, I herewith inclose their letter, (copy marked "R.") I would further call attention to the sworn statements of Judge Wind, Chief Wilson, and William Hurr, found on first and following pages of transcript herewith.

Considering the lapse of time since said receipt was given, and the efforts that have been made to induce the Ottawa Indians to retract the same, it would be reasonable to suppose that some of them would manifest disapprobation if they regarded the procuring of said receipt from the accredited representatives as fraudulent or unjust.

That C. C. Hutchinson was extravagant in his expenditures, and loose and unguarded in the management of his business and of the trust confided to him, is quite evident, but it does not appear that in the disposition of his funds he appropriated any part thereof to his personal benefit or use, or that they were expended elsewhere than in the disbursements as represented in his testimony and in that of the Indians.

As soon as his difficulties became public he made his bondsmen secure by deed, in fee-simple, to all his estate, and this voluntarily; the greater part of which real estate being held in the name of his wife. By the laws of this State he could have kept it, or any part thereof, for his own benefit, had he been so disposed.

All the land so conveyed was owned by him before he sold any of the Ottawa "trust" or "school" lands, as will appear by reference to affidavits herewith, marked, respectively, "S," "T," "V," and "W." Some consideration should be given to the nature of his bond, filed with plea of Wilson Shannon, herewith, in behalf of said Hutchinson, which was to "be executed in the sum of \$10,000," but which C. C. Hutchinson voluntarily increased to \$20,000 over the signatures of four of our best citizens. In this he was bound to "carefully discharge the duties of his office, and faithfully expend all public money, and honestly account for the same, and for all public property which should come into his hands, without fraud or delay."

It further appears from letters of Commissioner Taylor of March 3, 1869, filed also with plea of Wilson Shannon, that "no instructions were ever issued to Mr. Hutchinson; he was left to act under the provisions of the treaty of 1862."

The influences surrounding him, his confiding nature, and the very strong assurances of liberal aid from friends east, both to him and to I. S. Kellogg, and upon whom they confidently relied to a large extent, induced the diversion of funds from their proper channel, as the evidence conclusively shows. The evidence further fully shows that the Indians, while in Washington, acting for and in behalf of the tribe, had full authority to give said receipt; that the Ottawas were, and still are, satisfied therewith; and in its acceptance the Government sustains no loss.

I therefore recommend the acceptance of the receipt in question, \$41,993.71, by the Government, as requested by the Ottawa tribe of Indians.

I also inclose herewith, as bearing upon this case, affidavits marked, respectively, "X," "Y," and "Z."

All of which is respectfully submitted.

ENOCH HOAG,
Superintendent Indian Affairs.

Whereas C. C. Hutchinson, as special agent of the United States for the Ottawa tribe of Indians of Blanchard's Fork and Roche de Boeuf, did at various times have placed in his hands as such agent, and as such agent did receive, for the use and benefit of said tribe of Ottawa Indians, certain sums of money;

And whereas the sum of \$41,993.71 of said sums of money have not been accounted for by the said Hutchinson, in the usual and ordinary channels of account of the Government;

And whereas it satisfactorily appears that the said last-mentioned sum of money was by the said Hutchinson expended and used for the benefit of the said Indian tribe in the erection of school-buildings, in the improvement of their lands, and for other beneficial purposes:

Now, therefore, we, John Wilson, chief; William Hurr, and James Wind, members of the said tribe, and delegates thereof duly authorized and empowered hereto, do hereby acknowledge to have received of the United States of America, by the hand of C. C. Hutchinson, special agent, as aforesaid, the said sum of \$41,993.71, in full of all demands against the United States or said Hutchinson on account of trust, school, or other moneys of said tribe, received by the said Hutchinson as said special agent, and hitherto unaccounted for.

Dated this 15th day of April, A. D. 1869.

his
JOHN + WILSON, *Chief.*
mark.
WILLIAM HURR.
JAMES WIND.

Witnesses:

WILLIAM HURR,
United States Interpreter.
W. P. DOLE.
STEPHEN A. DOLE.

TREASURY DEPARTMENT, *January 25, 1872.*

SIR: I have the honor to inclose herewith a letter from the Solicitor of the Treasury, Department of Justice, in which he recommends the acceptance of the terms of compromise offered by late Indian Agent C. C. Hutchinson, in full satisfaction of the claim of the Government against him, and would invite your attention thereto and approval thereof if the terms appear to you to be acceptable.

Please return the papers with your reply, and oblige,
Very respectfully, your obedient servant,

GEO. S. BOUTWELL,
Secretary.

Hon. C. DELANO,
Secretary of the Interior.

DEPARTMENT OF JUSTICE,
OFFICE OF THE SOLICITOR OF THE TREASURY,
Washington, D. C., January 24, 1872.

SIR: Herewith I submit the proposal of C. C. Hutchinson, late agent for the Ottawa Indians of Blanchard's Fork and Roche de Boeuf, Kansas, to pay to the United States the sum of \$1,000, and all costs, in full satisfaction of the claim of the Government against him as such agent, now in suit in the United States district court for Kansas.

I submit, also, the ten exhibits referred to in said proposal, and the report of the United States district attorney, in charge of the claim, on said proposal, recommending acceptance.

The facts are briefly these: During the agency of said Hutchinson, he sold certain lands, which had been donated to the Indians for the purposes of the Ottawa University, and instead of paying the proceeds into the Treasury, as he should have done, he applied said proceeds directly to the building and furnishing of said university, and took from the Indian authorities their receipt for the same to amount of \$41,993.71. When this receipt was presented as a voucher, it was of course rejected by the accounting-officers, and suit was ordered for recovery of said sum from Hutchinson and his sureties. This was the only item in dispute; all the other accounts of said agent were satisfactorily adjusted.

Suit was accordingly commenced against Hutchinson and his sureties in 1869, and verdict and judgment were against the United States and in favor of said defendants. An order for a new trial was afterwards obtained, and the case is pending now for trial in district court of Kansas.

The Commissioner of Indian Affairs referred the whole matter to Superintendent Hoag, of Kansas, for investigation and report, who, after carefully examining the matter, taking affidavits and testimony of all parties interested on both sides, reported that although the agent had expended the funds in an illegal and improper manner, yet he had applied it all to the benefit of the Indians, for whom it was intended, and had not appropriated any part of it to his own use; that the Indians who gave the receipt had full authority on behalf of the tribe to give said receipt; and that the Ottawas were, and still are, satisfied therewith; and that by accepting said receipt the Government sustains no loss. He therefore recommended "the acceptance of the receipt in question—\$41,993.71—by the Government, as requested by the Ottawa tribe of Indians."

I therefore concur in the recommendation of the United States attorney, that the proposal be accepted, for the reasons stated by him and by Superintendent Hoag, as well as because there is much doubt as to recovery in the pending suit.

Please return the original papers with your reply.

Very respectfully,

J. H. ROBINSON,
Assistant Solicitor of the Treasury.

The Hon. the SECRETARY OF THE TREASURY.

DEPARTMENT OF THE INTERIOR,
Washington, January 26, 1872.

SIR: I have the honor to return herewith the papers inclosed with your letter of the 25th instant, relating to the compromise offered by late

Indian Agent C. C. Hutchinson, in full satisfaction of the claim of the Government against him.

In view of the troublesome legal question suggested by the United States district attorney of Kansas, I shall be entirely satisfied with whatever your Department shall deem proper in the premises.

Very respectfully, your obedient servant,

C. DELANO,
Secretary.

Hon. GEORGE S. BOUTWELL,
Secretary of the Treasury.