

THE ALASKA COMMERCIAL COMPANY.

JUNE 3, 1876.—Recommitted to the Committee of Ways and Means and ordered to be printed.

Mr. FERNANDO WOOD, from the Committee of Ways and Means, submitted the following

R E P O R T :

The Committee on Ways and Means, to whom was referred the resolution of the House of Representatives, directing an investigation into certain matters relating to the lease made between the United States and the Alaska Commercial Company, of the right to kill fur-seals on the islands of Saint George and Saint Paul, in Alaska, beg leave to report :

That on the 25th of February, 1876, they proceeded to take testimony, as ordered by the House, and have made a full and complete inquiry into the several branches of the subjects as contained in the resolution under which they were acting, which is as follows :

Resolved, That the Committee on Ways and Means be requested to examine into and report whether the lease from the United States to the Alaska Commercial Company, of the right to take fur-seals in Alaska, signed and executed by William A. Richardson, as Acting Secretary of the Treasury, in behalf of the United States, and John F. Miller, in behalf of said company, was made and executed in pursuance of law. And whether said lease, as made, was to the best advantage of the United States, according to the offers of the bidders; and also whether the interests of the United States were properly protected by the stipulations of said lease; and whether the Alaska Commercial Company have complied with its terms and conditions, and with the provisions, regulations, and limitations of the act of Congress approved July 1, 1870; with power to send for persons and papers, to administer oaths, and to report at any time.

The matters to be investigated by this resolution are as follows :

First. Whether the lease from the United States to the Alaska Commercial Company, of the right to take fur-seals in Alaska, signed and executed by William A. Richardson, as Acting Secretary of the Treasury, in behalf of the United States, and John F. Miller, president, in behalf of said company, was made and executed in pursuance of law ?

Second. And whether said lease, as made, was to the best advantage of the United States, according to the offers of the bidders ?

Third. And whether the interests of the United States were properly protected by the stipulations of said lease ?

Fourth. And whether the Alaska Commercial Company have complied with its terms and conditions, and with the provisions, regulations, and limitations of the act of Congress approved July 1, 1870 ?

The committee, in the discharge of their duty, summoned such witnesses as could give information relating to the subject-matters contained in the resolution of the House, and heard eminent counsel in behalf of those who had instigated the investigation and who sought the abrogation of the lease. The testimony is appended to this report and presented as a part of it.

WAS THE LEASE MADE IN PURSUANCE OF LAW?

The answer to this question depends upon the answers to be given to two other questions:

1. Was the lease, as made, in pursuance of powers previously granted by Congress?

2. Were the powers granted exercised in good faith by the Secretary of the Treasury, and without fraud on the part of the company obtaining the lease?

1. The power to lease is not only conferred on the Secretary of the Treasury by the act of July 1, 1870, entitled "An act to prevent the extermination of fur-bearing animals in Alaska," but the exercise of that power by the Secretary is made imperative. By the fourth section of that act it is provided, "that immediately after the passage of this act the Secretary of the Treasury *shall lease*," &c. No question can be made on the fact that the lease was made by the Acting Secretary of the Treasury. Such a question, if made, would be sufficiently answered by two facts established by the evidence:

1. That at the time of the actual execution of the lease the Secretary of the Treasury was absent, and this absence, by section 177 of the Revised Statutes, devolved the power upon the Acting Secretary.

2. The lease as made was executed by the Acting Secretary in pursuance of the orders and directions of the Secretary.

The power to lease, then, is clear and beyond dispute. The evidence shows that the formal conditions to be observed in making the lease, such as the deposit, the execution of bond, &c., were all required and complied with, and therefore the authority to make the lease as formally made must be conceded. But the act of Congress contains several conditions of substance which the Secretary of the Treasury is *required* to observe in executing the power to lease, and the disregard of these conditions would certainly vitiate any lease made. Here are the conditions specified:

1. As to the rental, it must be for not less than \$50,000 per annum, secured by United States bonds, and a revenue tax or duty of two dollars upon each fur-seal skin taken and shipped from the islands of Saint George and Saint Paul during the continuance of the lease.

2. The lease must be to "proper and responsible parties."

3. The lease must be to the advantage of the United States.

4. In carrying out the foregoing provisions, the Secretary of the Treasury is directed to have due regard (1) to the interests of the Government, (2) to the interests of native inhabitants, (3) to the interests of the parties heretofore engaged in the trade, and (4) to the protection of the seal-fisheries.

In the formal judgment rendered by the Acting Secretary of the Treasury, it is recited that the proposals of the various parties desirous of taking the lease, with the terms of each, had been carefully examined and considered, and that "having due regard for the interests of the Government, the native inhabitants, the parties heretofore engaged in the trade, and the protection of the seal-fisheries, as required by said act, it is decided to make the lease to the Alaska Commercial Company," &c.

In the testimony of Mr. Boutwell, the Secretary, and of Mr. Richardson, the Acting Secretary of the Treasury, before this committee, the truth of these recitals is repeated under oath, with the additional fact that these recitals, with the judgment rendered thereon, were made and rendered by both the Secretary and the Acting Secretary of the Treasury. Upon this branch of the subject the first question to be con-

sidered by the committee is, what is the legal effect of such a judgment, in such a case, by the executive officer of the Government?

This question has been frequently made before and decided by the courts of the United States, including the Supreme Court, and must be accepted by this committee and by Congress as adjudicated.

In the case of the United States *vs.* Arredondo, to be found in 6 Peters, the general principle is thus stated on page 749:

It is a universal principle that, when power or jurisdiction is delegated to any public officer or tribunal over a subject-matter, and its exercise is confided to its or their discretion, the acts so done are binding and valid as to the subject-matter; and individual rights will not be disturbed collaterally for anything done in the exercise of that discretion within the authority and power conferred. The only questions which can arise between an individual claiming a right under the acts done and the public, or any person denying its validity, are power in the officer and fraud in the party. All other questions are settled by the decision made or act done by the tribunal or officer whether executive, (1 Cranch., 170, 171,) judicial, (11 Mass., 227; 11 S. & R., 429; adopted in 2 Peters, 167, 168,) legislative, (4 Wheaton, 423; 2 Peters, 412; 4 Peters, 563,) or special, (20 J. R., 739, 740; 2 Dow. P. Cas., 521, &c.,) unless an appeal is provided for, or other revision, by some appellate or supervisory tribunal is prescribed by law.

This general principle has been frequently applied by the courts to cases actually arising.

The case of *Allen vs. Blunt*, decided by that eminent jurist, Judge Story, on the circuit, is a strong case in point. This was a case for the infringement of a patent. An original patent had been granted, and there had been two surrenders for imperfections, and new patents issued by the Commissioner of Patents, under the thirteenth section of the patent act of 1836. The three specifications attached to the three patents appeared to be for three different things, and not for one and the same invention; and the point made was that the Commissioner of Patents had exceeded his authority under said act.

In pronouncing his decision, Judge Story says:

Whether the invention claimed in the original patent and that claimed in the new amended patent is substantially the same, is and must be in many cases a matter of great nicety and difficulty to decide. It may involve considerations of fact as well as of law. Who is to decide the question? The true answer is, the Commissioner of Patents; for the law intrusts him with the authority, not only to accept the surrender, but to grant the new amended patent. * * * * * No one can well doubt that in the first instance, therefore, he is bound to decide the whole law and facts arising under the application for the new patent. *Prima facie*, therefore, it must be presumed that the new amended patent has been properly and rightfully granted by him. I very much doubt whether his decision is or can be re-examinable in any other place or in any other tribunal, at least unless his decision is impeached on account of gross fraud or connivance between him and the patentee, or unless his excess of authority is manifest upon the very face of the papers; as, for example, if the original patent was for a chemical combination, and the new amended patent were for a machine.

In other cases, it seems to me that the law, having intrusted him with authority to ascertain the facts, and to grant the patent, his decision, *bona fide* made, is conclusive. It is like many other cases where the law has referred the decision of a matter to the sound discretion of a public officer, whose adjudication becomes conclusive. * * * In short, it may be laid down as a general rule that where a particular authority is confided to a public officer, to be exercised by him in his discretion upon an examination of the facts, of which he is made the appropriate judge, his decision upon these facts is, in the absence of any controlling provisions, absolutely conclusive as to the existence of these facts." (3 Story, Rep., 742.)

The same question has been repeatedly decided by the Supreme Court. Your committee refer especially to the cases of *Kendall vs. The United States* (12 Peters, 520) and *Decatur vs. Paulding*, (14 Peters, 497.) In the first case, certain claims of *Stokes et al.* were referred by Congress to the determination of the Solicitor of the Treasury, (a subordinate officer,) with authority "to make such allowance therefor as upon a full examination of all the evidence *should seem right according to*

the principles of equity." And Congress further directed the Postmaster-General to credit Stokes *et al.* "with whatever sum, if any, the Solicitor should decide to be due to them."

The Solicitor did examine and decide a large sum (\$161,563.93) was due. The Postmaster-General decided that a less sum was due, (\$122,101.46,) and refused to credit more. Upon mandamus, the Supreme Court directed the Postmaster-General to credit the full sum found by the Solicitor, and held that "under this law the Postmaster-General is vested with no discretion or control over the decision of the Solicitor, nor is any appeal or review of that decision provided for by the act." The court further held that Congress had entire power to vest such discretionary power in any one, "especially in an officer of the Government," and that in the absence of fraud "or misconduct in the officer, it may well be questioned whether the relators had not acquired such a vested right as to be *beyond the power* of Congress to deprive them of it."

In the second case the question arose upon the execution of a resolution of Congress which devolved certain duties upon the Secretary of the Navy, as the head of one of the Executive Departments of the Government, in the ordinary discharge of his official duties. The decision was delivered by Chief-Justice Taney, and among other things it is said:

In general such duties, whether imposed by act of Congress or by resolution, are not *mere ministerial duties*. The head of an Executive Department of the Government, in the administration of the various and important concerns of his office, is continually required to exercise judgment and discretion. He must exercise his judgment in expounding the laws and resolutions of Congress under which he is from time to time required to act. If he doubts, he has the right to call on the Attorney-General to assist him with his counsel; and it would be difficult to imagine why a legal adviser was provided by law for the heads of Departments, as well as for the President, unless their duties were regarded as executive, in which judgment and discretion were to be exercised.

In the case now under consideration, it is clear, from the terms of the act of July 1, 1870, that it was the duty, as well as power, of the Secretary to lease, "for a term of twenty years from the 1st day of May, 1870, the right to engage in the business of taking fur-seals on the islands of Saint Paul and Saint George, and to send a vessel or vessels to said islands for the skins of such seals."

It is also clear from the terms of the act that, in making such lease, the Secretary of the Treasury was made the judge to determine who were "proper and responsible parties," what "was the best advantage of the United States," and what was a "due regard to the interests of the Government, the native inhabitants, the parties heretofore engaged in the trade, and the protection of the seal-fisheries."

It is also made to appear before the committee that all these duties were carefully examined and considered by the Secretary of the Treasury in executing the powers conferred by the act.

Certain questions arose touching the proper construction of the act, and the manner of procuring offers, and the rights of various bidders, upon which the Secretary, having doubts, called to his aid the counsels of the Attorney-General.

Your committee are unable to find that the Secretary of the Treasury, in making the lease, exercised any power not granted by the act of Congress, or exceeded the power granted by said act, and that, as a question of power, the lease made "was made and executed in pursuance of law."

2. As the power to decide was thus clearly confided by the act to the Secretary, the only question remaining is, does the evidence show that the decision rendered by that officer was procured, or in any manner in

fluenced, by fraud practiced upon him by the lessee, or by any fraudulent combination or collusion between the officer and the successful bidder.

It is charged that others, and especially the parties represented by Louis Goldstone, made a higher bid than that made by the Alaska Commercial Company. The sufficient reply to this is, that the amount of the bid was not made by the act of Congress the sole, nor, indeed, the chief, consideration for the Secretary to weigh in awarding the lease. The act itself fixes the minimum rental, and then proceeds to confide to the Secretary of the Treasury several other matters for decision in the execution of the law.

It is alleged again that the form of the bid made by the Alaska Commercial Company was not legal, and should not have been allowed or considered, and that there was fraud or wrong in allowing this company to take any benefit under the offer "to give as much as any other responsible bidder," &c. The evidence shows that this question was carefully considered by the Secretary, and that he felt constrained, under the language of the act, the facts before him, and the decision of the Attorney-General, to treat the Alaska Commercial Company as occupying preferred ground. He was required to make the lease with *due regard* to the interest of "the parties heretofore engaged in the trade."

Who were the parties thus engaged was a fact left by the act to the Secretary to ascertain. What was due regard to their interests was a question left by the act to the Secretary to determine. In the language of Judge Story, "he was made the judge, in the first instance, of the law and the fact," and, without fraud, his decision must stand. We cannot discover any fraud, or favoritism to the Alaska Commercial Company, in a decision which *required* them, in spite of their position of preference under the act, to give as much for rental as any other persons were willing to give.

The committee will refer but briefly to the charge of actual fraud and corruption which has been intimated against Secretary Boutwell in connection with the lease under investigation.

It is certainly one of the highest duties devolved upon the representatives of the people to guard with sleepless vigilance the interests of their constituents and the integrity of public administration from all the approaches of what history abundantly proves to be the most insidious and the most deadly enemy of free institutions—official corruption. But it is equally their duty to protect the characters of those intrusted with the public administration from unjust aspersions, which experience abundantly shows are often made by disappointed applicants for place and favor. If worthy officials, who care all for character, be not protected from reckless or unfounded calumnies, then it will not be long before only unworthy men, who care nothing for character, will accept official station.

In the present case, after nearly four months of patient investigation, during which time the doors have been thrown wide open for all who knew, or thought they knew aught of evil or corruption in this transaction against the Secretary of the Treasury, no fact has been elicited which can justify or even excuse the charge of corruption, or of even partiality or favoritism; nor is there any evidence that the Alaska Commercial Company attempted to practice any fraud upon the Secretary or his subordinates.

On the first question, therefore, submitted for investigation under the resolution of the House of Representatives, the committee report, that the lease from the United States to the Alaska Commercial Company of

the right to take fur-seals in Alaska, signed and executed by William A. Richardson, as Acting Secretary of the Treasury, in behalf of the United States, and John F. Miller, in behalf of said company, was made and executed in pursuance of law.

WAS THE LEASE, AS MADE, TO THE BEST ADVANTAGE OF THE UNITED STATES, ACCORDING TO THE OFFERS OF OTHER BIDDERS?

To afford a proper and intelligent answer to this inquiry, it becomes necessary to give a brief history of the antecedent events which occurred prior to the execution of the lease. By the convention between the United States and Russia, concluded March 30, 1867, ratifications exchanged June 20, 1867, and proclaimed same day, the government of Russia ceded to the United States all her possessions on the continent of America, and the islands adjacent thereto, for the equivalent of \$7,200,000. The United States entered into immediate possession by military occupancy. This addition to our territory is known as Alaska. The two islands of Saint George and Saint Paul, subsequently leased to the Alaska Commercial Company, for seal-catching, were a part of this possession. For many years preceding the session of this territory to the United States, the government of Russia had leased these to a Russian company called the Russian-American Company.

By the terms of the treaty, all concessions existing of this character became abrogated, and the Russian-American Company ceased to have any privileges at all, under their then existing contract with Russia, to take fur-seals from those islands. Simultaneously with the ratification of the treaty, after it was known that all rights and privileges of the Russian Company were annulled, a Mr. H. M. Hutchinson, a citizen of San Francisco, proceeded to Alaska, and purchased of this company all their goods, chattels, houses, vessels, &c., as contained on the inventory of their total property which had been employed in seal-killing. He subsequently established the firm of Hutchinson, Kohl & Company, who prosecuted the business under a permit obtained from the Secretary of the Treasury. These parties thus became the representatives of the Government, acting under its protection, and by its permission, until Congress should provide by law some permanent disposition of the matter.

Mr. Boutwell, the then Secretary of the Treasury, did not approve the policy of leasing the islands; nor of continuing the arrangements as then existing, which had been entered into with his predecessor, Mr. McCulloch. He proposed a different course, recommending to Congress such legislation as would place the killing of the seals and direction of the social and religious training of the natives altogether under the management of Government agents. Congress did not carry out those suggestions. It enacted the law approved July 1, 1870, entitled "An act to prevent the extermination of the fur-bearing animals in Alaska." This law provides for the general care and protection of the seals, the welfare of the natives of the seal islands, and the authorization of a contract for twenty years, by which the exclusive privilege of taking the seals should be granted under certain stipulated restrictions and conditions. (See secs. 1960 to 1972, R. S.)

In pursuance and by direction of this act, the Secretary of the Treasury awarded the lease to the Alaska Commercial Company. In his examination by the committee, Mr. Boutwell, the Secretary, stated, "that the contract was made by my direction, after such investigation as we thought it necessary to make upon the point whether the bid in behalf of what is called the Alaska Fur-Seal Company was entitled to preference as against other bids that were made, which upon their face

were more favorable to the Government than the specific bid made by the Alaska Company."

The correspondence between the Secretary of the Treasury and the Attorney-Generals Hoar and Ackerman, the several bids, and all the attending correspondence between the bidders and the Treasury Department, together with the contract as made, may be found in Ex. Doc. first session Forty-first Congress, No. 108. The committee, in considering the question whether the award to the Alaska Commercial Company was made to the best advantage of the United States, have been obliged to consider, first, whether, admitting that a more favorable offer in money had been made by others, the Treasury Department could have omitted to respect the clear and palpable discrimination in favor of that company by the act of Congress.

The action of the Secretary, based upon opinions of his official legal advisers, appear to conclude this question in the negative. It is very evident that no new and inexperienced parties in the business, unprovided with the necessary capital, implements, and knowledge, could have complied with the requirements of the law, which had to be incorporated into the contract itself. In order to preserve the fur-seals from total annihilation, as has been done in the South Pacific Ocean, and indeed everywhere except on a small island belonging to Peru and two small islands belonging to Russia, none but experienced, judicious, and cautious parties should have been intrusted with the privilege of killing them. The old fur-seal fisheries have been destroyed by the foolish avarice of those who had access to the seals, who, in their thirst for large immediate gains, have killed in excess of the proper number each season, which led to the eventual extermination of the seals themselves at those points.

It does not appear that either of the parties who put in bids for this lease had had any experience in the business, or were provided with the necessary facilities for the faithful execution of the lease had it been awarded to them, except the Alaska Commercial Company, who were the successors of Hutchinson, Kohl & Company, and in possession of the business at that time, with persons in its employment of skill and experience, and which was composed of capitalists of conceded strength and high character. If the lease had been made with any firm or company who had failed in its execution, or who had proved faithless to the obligations incurred, the loss to the Treasury might have proved very serious, in the extermination of the seals, and the loss of the large revenue now being derived therefrom, and likely to be continued for many years to come, under the present management.

An additional proof of the advantage to the United States of having this source of revenue in competent and honest hands may be found in the fact that on the 18th February, 1871, the Russian government entered into a similar contract with the Alaska Commercial Company in the name of Hutchinson, Kohl & Company for the exclusive privilege of taking the fur-seals on the Commander islands (Behring and Copper) and on Robben islands. This lease, however, was granted upon terms far less advantageous to that government than the one we have. Instead of \$55,000 per year rent, as the United States receive, the Russian government gets but 5,000 roubles, equal to \$3,900 in gold; and instead of \$2.62½ tax it gets but 2 roubles, equal to \$1.56 per each skin; and instead of a limitation as to the number of seals killed, the company are permitted to take as many as in its judgment may seem proper, with a minimum number of one thousand. (See Appendix B.)

WERE THE INTERESTS OF THE UNITED STATES PROPERLY PROTECTED BY THE STIPULATIONS OF SAID LEASE ?

With regard to this question it might be sufficient to say that the lease recapitulates all the stipulations and requirements of the law, and that the Treasury Department had no recourse but to follow it. If, therefore, the lease does not protect the interests of the Government, the fault lies in the law under which the Department acted. But upon an examination of the act it does not appear that any serious omissions can be found. The act provides in detail for the protection of the seals—the proper care of the interests of the natives, and absolute control of the Government over all matters appertaining thereto. Indeed, there is no omission by which any person or company possessing the lease could possibly get any advantage unless by the connivance of the Government itself as represented by its agents.

The concluding provisions of the lease are in these words :

And the said lessees, accepting this lease with a full knowledge of the provisions of the aforesaid act of Congress, further covenant and agree that they will fulfill all the provisions, requirements, and liabilities of said act, whether herein specially set out or not.

By a comparison of the lease with the law, it will be seen that not only are all the requirements of the law included, but there are several other provisions for the better security of the interests of the Government and the humane treatment of the natives than the law calls for. The law provides for a rental of \$50,000; the lease makes it \$55,000. The law fixes \$2 as a tax to be paid on each fur-seal skin taken and shipped; the lease fixes it at \$2.62½. The law makes no provision for a tax on any seal-oil obtained; the lease provides that the lessees shall pay 55 cents per gallon on such oil taken and sold, and further stipulates that they will "furnish free of charge to the inhabitants of the islands of Saint Paul and Saint George, annually during said term, twenty-five thousand dried salmon, sixty cords firewood, a sufficient quantity of salt, and a sufficient number of barrels for preserving the necessary supply of meat; to maintain a school on each island, and suitable for the education of the natives of said islands, for a period of not less than eight months in each year."

These requirements are not in the law, but were inserted by the Secretary of the Treasury as additional conditions to those contained in the law. The stipulation which provides for the payment of a tax on the oil obtained and sold was subsequently modified by the Secretary of the Treasury, under the following circumstances: The language of the lease is that the company "shall pay 55 cents per gallon for each gallon of oil obtained from said seals *for sale on said islands or elsewhere and sold by said company*. Subsequently the company found that the cost of taking and delivering the oil in San Francisco would average 30 cents per gallon, and that the market-value for it there was only from 35 to 55 cents per gallon. The highest price received for it was at Boston, and it was sold for 56 cents per gallon, less cost of commissions and other expenses. Under these conditions the company could not take any of the oil for the purposes of sale and pay the 55 cents per gallon to the Government, according to the lease. They would save money by letting it go to waste. There was no obligation to take oil at all; consequently an application was made to the Secretary of the Treasury for a modification of the contract, the company stating that they "would be glad to take the oil, if it yielded even a small profit or without loss, as it would save property which is now wasted, and give additional employment and compensation to the natives."

The resident Treasury agents, Prof. H. W. Elliott, now of the Smithsonian Institution, and Charles Bryant, who were stationed at the islands, corroborated these facts, and recommended that "6 cents per gallon be paid the natives for skinning and delivering the blubber," in lieu of the tax to the Government as fixed in the lease; the Secretary of the Treasury finally, after receiving the opinion of the Solicitor of the Treasury, fixed the compensation at 10 cents per gallon, as it now stands. The correspondence relating to this subject may be found in Ex. Doc. No. 83, first session Forty-fourth Congress, pages 103, 106 to 111. There can be no doubt that the Secretary of the Treasury had authority to modify the lease as it regards this subject, and in doing so he forfeited no substantial interest of the Government. If it had remained at 55 cents per gallon the company could not have procured and sold any oil whatever, and as a consequence no revenue would have been produced and no one benefited. By the modification, the natives possibly might have been advantaged without any cost to the Government. There has been no oil taken from the islands since this modification.

It has been alleged that the tax of 55 cents should have been retained in the lease; that it would have yielded a revenue of \$110,000 per annum; that each seal will produce two to three gallons of oil, and one hundred thousand seals will give at least two hundred thousand gallons, and that the price of the oil in the London market is now 95 cents in gold by the cargo, and in jobbers' hands \$1.10. These are very important statements, and, if true, would reflect seriously upon the Treasury Department, which took the responsibility of changing the tax to be paid by the company, and should be condemned by Congress.

The committee have not been unmindful of the importance of this branch of the investigation, and have taken much trouble to gather the following facts, which are entirely reliable:

The seal-oil referred to as being worth \$1.10 in London is not the fur-seal oil at all, but an entirely different article, and of a much superior quality. It is the hair-seal oil, made from an animal of another character. Fur-seal oil has ceased to have any marketable value either in London or New York. It is not quoted on the price-current lists. It was never used for any other purpose than for adulteration of other oils, and even for this purpose it has been abandoned, and cannot now find buyers anywhere, at any price.

The quantity that can be procured from the seals on the islands is also very erroneously stated. It is based on the assumption that every seal killed is of that class which produces the most oil, when the fact is that the seals best adapted for fur, and which are the only kind taken, have the least blubber and yield the least oil. But the fact remains that at the highest price paid for fur seal oil in any market of the world it has not been for ten years as great as the actual cost of getting it at the place of production, to say nothing of tax, cost of transportation, and other charges. We refer, in proof of these statements, to the letter of Prof. H. W. Elliott, (Appendix A,) with the accompanying statements and price-currents.

WHETHER THE ALASKA COMMERCIAL COMPANY HAVE COMPLIED WITH THE TERMS AND CONDITIONS, AND WITH THE PROVISIONS, REGULATIONS, AND LIMITATIONS OF THE ACT OF CONGRESS APPROVED JULY 1, 1870.

The committee refer to the testimony with reference to this question. Whether the lessees have or have not fulfilled the contract on their part, would seem to be more especially an executive duty and responsibility.

This, like all other laws imposing duties and conferring powers upon the executive department, must be considered as having been properly performed, unless judicial decision or positive proof is adduced to show to the contrary. Mr. Boutwell, then Secretary of the Treasury, who made the lease, and Mr. Bristow, the present Secretary, under whom it has been carried out, were examined upon this point. The former admitted his repugnance to the law and opposition to the policy of making such a disposition of the franchise, stating that he had executed the lease only because he felt compelled to do so under the law and the advice of the Attorney-General, whom he consulted. He, therefore, had no partiality in favor of the lessees, and it is not likely that he favored any infraction of the obligations they had entered into. He appointed four special Treasury agents to reside on the islands, who were required to make report on all the transactions of the company with direction to exact the full performance of all the covenants it had entered into.

Mr. Boutwell, in his examination, testified that, aside from some small matters relating to the furnishing of an insufficient supply of wood to the natives, which did not affect the interests of the Government, there were no complaints made against the company by the agents he had appointed. In reply to the question "whether, in his official intercourse with the company, he considered they had performed their contract, in letter and spirit, up to the time of his leaving the Department," he said: "I know nothing to the contrary; if I had known it, I think I should have called them to account."

Mr. Bristow was also examined as to the faith of the company. He stated that soon after he came into the Treasury Department his attention was called to certain newspaper charges against the good faith of the Alaska Commercial Company in their performance of their contract with the Government; that he sent Mr. J. S. Moore, of New York, a special agent to San Francisco, with instructions to "look into this contract and the manner of its execution, both to examine the custom-house entries, and to examine also, if he could get access to them, the books of the company, and compare them, to ascertain whether there were any discrepancies; in other words, to supplement, by an inquiry there, the information he had from the islands direct."

With reference to the charges which had been made against the company which had caused his suspicions and the sending of Mr. Moore to San Francisco, he further stated: "I have not been able to discover any responsible person who is willing even to father the charges that are made. When it came to my knowledge that the company was making a very large profit out of the matter, I felt that the Government was not getting as much as it ought to have, and I wanted to find some way of getting a share of the profits for the Government; but I found myself confronted with the law and this contract, and I saw no reason to believe that the company were not carrying out their contract in good faith, whatever may be the suspicions by which they were surrounded." It would seem, therefore, that, with this disposition upon the part of Mr. Bristow, if there had been any omissions on the part of the company, or any violation of the spirit and letter of the law upon their part, he would have availed himself of his power to abrogate it altogether and to declare it void.

In Mr. J. S. Moore's report to the Secretary of the Treasury, Ex. Doc. No. 83, First Session Forty-fourth Congress, he states that he closely examined the books of the Alaska Commercial Company, and made comparisons with the books of the custom-house, and that the only dis-

crepancy or difference he found was as to 559 skins, which, at \$2.62½ tax each, would amount to a total \$1,467.37. This is the only discrepancy found for the whole period the contract has existed, and this, it is stated in Moore's report, was in consequence of the errors of the Government agents on the islands. Mr. Moore was examined by the committee, and corroborated these statements, with other facts which sustain the conclusions of Mr. Bristow. Mr. Goldstone, who testified in behalf of himself as the only prosecutor in this investigation, and claiming to have been entitled to the lease, does not assail the conduct of the company in their performance of the stipulations imposed by the lease. He did assail the integrity of the award to the company, but took no exception to the way in which the company had performed its obligations and fulfilled its contract.

In the absence of any testimony implicating the company in an abuse of its privileges, the committee considered the question whether it was probable the company had an interest sufficient to warrant it in doing so. The agents of the Government on the islands, and at San Francisco, had constant access to and knowledge of the killing, shipping, exportation of the skins taken, and knowing that the Secretary of the Treasury was desirous of availing himself of the first breach of the contract to void the lease, it was not probable the company would incur this result by attempting a fraud, which it was almost certain could not be successfully accomplished without detection. But in addition to this reason it appears doubtful whether, without any limitation in the lease as to the number of the seals to be taken, it was the interest of the company to exceed the number fixed at 100,000. It is certain that to kill more than this number would tend to a rapid decrease of the annual supply and end in the extinction of the animals on those islands long before the expiration of the twenty years that the lease had to run. Every one who is familiar with the fur-seal fisheries knows the effect of an indiscriminate slaughter of these animals. Many proofs of the effect of this course may be found in their history. The reports made to the Government, and all the authorities referring to their habits and nature, go to show this fact in a conclusive manner.

There is another reason why the company would not deem it politic to exceed the 100,000 skins now taken. The sole market for the sale of the skins is London; this is the only place where the art of procuring the fur from the skins is understood and practiced. There this specialty has a monopoly; London has become the exclusive regulator of the fashions which constitute the chief value of this fur. Every art and appliance and much money have been expended in the cultivation of a taste for seal-skin furs, which the Alaska Commercial Company has almost the exclusive control over. It would be unwise to overstock the market, by a production in excess of the limited consumption, governed very much by the presumed superiority and beauty of the fur itself. By placing on sale a larger number of skins than was required, the prices obtained would be lessened, and the popular estimate of this luxury depreciated, so that its present value would be endangered and a change of fashion probably effected, diverting it to some other fur, which might ruin the trade altogether. Therefore, there is little doubt that the company have not exceeded the maximum number stated in the lease. The other requirements of the law, relating to the amount of taxes and rental to be paid, the supplies to the natives, and care of their individual and educational interests, are matters of record, about which no question can be or has been raised. The committee therefore

conclude that the lease has been complied with according to the requirements of the law.

CONCLUSION.

The committee were not required by the terms of the resolution under which they pursued this inquiry to report upon the policy or impolicy of the law under which the lease was made. A difference of opinion may be properly entertained on this question. It is quite certain that the Government as such could not perform this trust. All experience teaches that governments are poor factors, and rarely pursue any industry involving the manufacture and sale of products with success or profit. We think Congress acted wisely in rejecting the recommendation of Mr. Boutwell, to conduct this business of seal-catching on Government account, and establishing at these islands a humanitarian institution for the care and moral training of the half-savage natives. The contract, as made, was the best disposition of this interest that could have been made, for it is certain that it has resulted in the receipt of a very large revenue to the Treasury, and in an amelioration of the physical and moral condition of the natives.

When the proposition to purchase the Alaska Territory from Russia was before Congress, the opposition to it was very much based on alleged barrenness and worthlessness of the territory to be acquired. It was supposed that though there might be many political reasons for this addition to the American Pacific possessions, there were not commercial or revenue advantages. The value of those seal islands was not considered at all. Russia had derived but little revenue from them, indeed a sum not sufficient to pay the contingent expenses of maintaining the official authority. Under our system, however, we have a very different result.

The Alaska Commercial Company has paid into the Treasury, in rent and taxes, the enormous aggregate of \$1,722,813.67. (See official statements annexed, marked Appendix C.)

The annual payment is \$262,500 tax, and \$55,000 rental, making an aggregate of \$317,500 every year. This sum is nearly 4½ per centum interest on the original cost of the whole Territory of Alaska, including the two seal islands referred to. Certainly the Government has no right to reproach itself for a want of mercantile shrewdness in the purchase of this Territory, nor in the prompt advantages which it has been enabled to obtain from it. If the Alaska Commercial Company has found its lease a profitable investment for its capital, the Government has no right to complain so long as its own interests have been well secured and the lessees have faithfully fulfilled all the conditions under which they obtained the franchise.

That the supposed profits of the company should excite the covetousness of others is of course to be expected. A disappointed bidder for the contract naturally feels aggrieved, and to his persevering efforts may be traced all the complaints that have been made; and yet when this person was examined in his own behalf he failed to state any facts which could weaken a confidence in the integrity with which the lessees had performed their agreement. He did impugn the official integrity of Mr. Boutwell as Secretary of the Treasury in making the lease, but failed altogether to state or present any evidence which was justly susceptible of a conclusion that Mr. Boutwell was influenced by corrupt or improper motives. The committee refer to the testimony as conclusive on these

points. They have examined every witness to be procured, whom it was supposed possessed, or alleged to possess, any knowledge which would enable them to reach everything appertaining to this investigation, and have examined all the records and public documents within their reach.

In conclusion they concur in the opinion that the lease with the Alaska Commercial Company was made in pursuance of the law; that it was made in the interest of the United States, and properly granted to the Alaska Commercial Company; that the interest of the United States was properly protected in all the requirements of the law, and that the lessees have faithfully complied with their part of the contract.

With these conclusions they report the following resolution:

Whereas the Committee of Ways and Means, after a full and complete investigation into the law and facts relating to the granting of the lease to the Alaska Commercial Company for the right to take fur-seals on the islands of Saint Paul and Saint George, report that they find that the lease aforesaid was made in accordance with the act approved July 1, 1870, and has been complied with on the part of the lessees, and is for the advantage of the United States: Therefore,

Resolved, That in the opinion of this House there is no just ground of complaint against the Alaska Commercial Company or the officers of the Government who were intrusted under the law with the power to make, and see to the performance of, the lease aforesaid, and that it is entitled to the enjoyment of the franchise so long as it faithfully performs all the requirements and stipulations of the law and contract under which it holds its rights, and so long as the act shall remain in force.

APPENDIX A.

[Letter of Henry W. Elliot, May 24, 1876.]

SMITHSONIAN INSTITUTION,
Washington, May 24, 1876.

SIR: I respectfully beg leave to present the following *facts relative to the oil of the fur-seal* for much has been said and reiterated in regard to the waste of a large amount of seal-oil annually upon the seal-islands of Alaska. So much stress indeed has been laid upon this item, that, with your permission, I think it proper that the following facts bearing upon this subject should be submitted to the committee, of which you are chairman, having this matter of the seal-islands under consideration.

First. The *quantity* that can be saved from the carcasses of the hundred thousand young male fur-seals annually killed on the Pribilov Islands for their skins has been grossly overestimated; this excessive estimation being based upon the assumption that the young *fur-seal* is an animal similar in character to the *hair-seal* of commerce, and from which the seal-oil of the English trade is derived. This is wrong in fact, for, unlike the *hair-seal*, the young *fur-seal* is but sparingly supplied with surplus fat. Its restless, active nature on land and in the water forbids any such accumulation of blubber which is so characteristic of its sluggish relations, the *hair-seal*, *sea-elephant*, and *walrus*.

The fat or blubber of the class of fur-seals which are annually killed on the seal-islands is found as an envelope to the body between the skin and the flesh, being thin and light over the posterior parts, and not quite an inch in depth over the shoulders, where this deposit is twice as great as elsewhere on the body.

A careful series of experiments on the ground has demonstrated the fact that the average yield of oil from the carcasses of the classes of seals killed on the Pribilov Islands (two, three, and four year old males) is at the rate of *half a gallon per seal*.

Some of the two-year-olds will not yield as much, while some of the four-year-olds will go above this average. It is also to be remembered that quite a large portion of the seal's fat is taken off with the skin, for the presence of a certain amount of fat is necessary to the proper preservation in salting the skin for shipment from the islands.

Second. The *quality* is very inferior, as the statements of the leading oil-dealers of New York City will show, and which I herewith append.

The fat of the fur-seal possesses a singularly offensive odor that does not exist in the blubber of the air-seal, seal-elephant, or sea-lion, and which makes the process of refining very difficult, as it is almost impossible to deodorize it. It is also much more gummy and far darker in color than other seal-oil, and is in this way rendered of little or no commercial value. (See statement of Messrs. Hastings, Hunt, and Currie, oil-merchants, herewith appended.)

Third. *The market and price.*—From the statements of the authorities on this subject, and the London and Canadian prices-current, the committee will observe that there is no seal-oil of any kind in the American market to-day, and that our dealers will not touch the best grades of seal-oil at figures ranging above 50 cents per gallon, while seal-oil of the Alaska quality they will not handle at any price—that it is simply unsalable—it is almost wholly unknown to the markets of the world. It will be seen that the chief, indeed the only market is in England, where the best steam-refined seal-oil retails at 65 cents and 75 cents per gallon, with dull, slow movement, and that oil of the fur-seal grade commands only 30 cents to 40 cents per gallon, retail.

It will also be noticed from the statement of Mr. Richard P. Currie, oil-dealer, that the Alaska oil would not pay to handle at any price now, and that he has had experience; and, furthermore, that the market for seal-oil of the best grade has been closed for some time past in this country, and is not likely to re-open unless lard-oil should advance greatly in price.

The testimony of Messrs. Currie and Hastings shows that seal-oil of the best quality has steadily ranged down in price since 1865, and that an unexceptionally high quotation of that oil during the war was due to abnormal causes, and cannot be entertained for the future. The fact that the best forms of seal-oil are much inferior to lard-oil, and when used at all, used to adulterate this and other superior oils, makes it patent to the inquirer that it will hardly ever have any commercial value in this country, and that it has no recognition in our market to-day.

When the subject of taking the oil from the seal-islands of Alaska is considered, the following obstacles to the success financially of the scheme at once arise: The time, trouble, and danger in loading a vessel with oil at the islands, where, on account of the absence of a harbor, and the frequent succession of violent gales, compels a ship to anchor a mile and a half to three miles from the shore, on which the surf is always breaking. The cost of casks and cooerage will amount to 8 cents and 10 cents per gallon, the cost of the native's work in securing and bringing the blubber 10 cents, the cost of refining 15 cents, and the cost of transportation on a cargo of say 40,000 gallons will amount to nearly 20 cents per gallon, thus making a gallon of fur-seal oil cost the taker fully 50 cents, thereby entailing upon him pecuniary loss when the cargo goes upon the market, where it is worth only 40 cents to 45 cents retail.

Very respectfully, yours,

HENRY W. ELLIOTT.

The Hon. FERNANDO WOOD,
Committee of Ways and Means.

Statements of the leading dealers in seal-oil of New York City, May 22, 1876.

RICHARD P. CURRIE (of Richard P. Currie & Co., No. 7 State street) states that the oil known to dealers in this country as *seal-oil* is rendered almost entirely from the seals taken off the coasts of Labrador and Newfoundland, and that the average "catch" for a season is 1,200,000 gallons, all or nearly all of which goes directly to England, as it is virtually shut out from this market by a duty of 20 per cent. *ad valorem*. The average value per gallon in the English market is 60 cents gold for the very best steam-refined, at wholesale; retailing at 67 cents to 70 cents; could not sell it here at that figure—would not retail at more than 60 currency, and dull sale at that. Second grade, or "pale seal" oil, at 55 cents currency per gallon. Third grade, or "brown seal" oil, at 35 cents to 40 cents per gallon. This "brown seal" is the same grade as the Alaska seal-oil, of which he has had only a small consignment, and which he had much difficulty in selling. Says that he would not take or touch another consignment of fur-seal oil; "it was nasty, stinking stuff, it is almost impossible to deodorize it; sells at about 30 cents to 40 cents retail, and hard work to sell at that."

During an exceptional season, *i. e.*, when the Alabama and the Shenandoah played havoc among the whalers, seal-oil rose with whale-oil, and stood for a short time at \$1.30 and \$1.40 currency, (gold being \$2.85,) but it fell at once and has been steadily declin-

ing ever since, so that now it stands, dull, at the figures quoted above. A tax of even 10 cents per gallon would drive any maker of seal-oil out of this market, and it is absurd to talk of doing anything in seal-oil with a tax of 55 cents per gallon.

W. W. HASTINGS, 154 Front street, May 22, 1876, states that the average price of the very best refined seal-oil is from 60 cents to 70 cents currency retail; but it is not now in this market at all, for there is a duty of 20 per cent. *ad valorem* gold on all that may come in from Newfoundland or foreign ports. The Treasury authorities have decided that a *seal* is an *animal*, and not a fish; on all animal oils there is a duty, on fish-oils none.

This seal-oil is largely used for adulterating lard and other oils which are worth more than it is. Lard is worth to-day 90 cents. Seal-oil, steam refined, possesses property of readily combining with other oils; it is almost entirely free from smell or color when nicely rendered; but it has no body and is worth nothing as a lubricant compared with lard. It is intrinsically not a very nice oil.

We have sold whale and seal oil, when the Alabama was about, as high as \$1.85, but gold was \$2.85; but it was for a very short season only. Whale and seal oils are now away below lard.

Seal-oil is only a fancy oil, and is only in demand when lard-oil is high. It has been declining steadily ever since the war, and is declining now. Seal-oil will never bring as much as lard, and if lard was down to 70 cents to-day, seal-oil could not be sold at all.

It is simply ridiculous, from my knowledge of the business, to try and get any such price as a dollar or a dollar and a half for seal-oil in any market. As I have said before, the high price of \$1.50 paid for a small lot during the war was due to good reasons, which are not at all to be reckoned on for the future as the business is now conducted.

THOMAS G. HUNT, 137 Front street, May 22, 1876, in his statement fully corroborates the above, and expresses his willingness to come on as a witness to testify to the inability of any dealer to sell the Alaska fur-seal oil at more than 35 to 40 cents per gallon. He has had some experience with it; don't believe it could be sold at all.

F. L. MEYHEW & CO., 140 Front street, May 22, 1876.—Statements similar to that above; only a few days ago refused to touch a lot of the very best steam-refined seal-oil at 55 cents per gallon. Principal use of this oil when used in England is in the mines for lamps.

Seal-oil touched as high as 75 cents per gallon here in 1870 for a brief period, but has fallen steadily cent by cent to this date, and market still declines.

MACLEAN, MARIS & CO.'S LIVERPOOL REVIEW.

LIVERPOOL, 7 April, 1876.

[Extract.]

Imports American produce.

Oils.—Sperm, very inactive. Winter-bagged, nominally, £102 to £103. Whale—Nothing passing; Southern, £28 to £30. Pale seal.—Quiet, at £35 per tun. Olive—Rather dull. Gallipoli, £44; Malta, £42. Palm—Meets a fair demand, with firm sellers. Bonny, £35; Benin, £35 10 shillings; Accrà, £34 5 shillings, and irregular at £30 to £34.

Three hundred and ten gallons per tun equal to fifty-five cents per gallon.

LORD, MAGOR & MUNN.

MONTREAL, March 30, 1876.

[Extract.]

Imports.

Steam-refined seal-oil—Retailing at 67½ cents to 70 cents. Stock ample. 63 [cents to 65] cents wholesale.

Pale seal-oil—Retailing at 65 cents to 67½ cents. Stock light

Straw-seal—Retailing at 55 cents to 60 cents.

Brown-seal—Retailing at 36 cents to 40 cents.

OKLAHOMA LIBRARY

1679

Copy of lease of Behring and Copper Islands, and supply-contract to Hutchinson, Kohl & Co

APPENDIX B.

Lease of Behring, Copper, and Robben Islands.

(Translated from the Russian.—*Official.*)

On the eighteenth day of February, in the year one thousand eight hundred and seventy-one, I, the undersigned, August Wassermann, representative of the American commercial house, Hutchinson, Kohl & Co., citizen of the United States of America, have concluded this contract with the Russian ministry of the interior as follows:

1. The Russian government gives to the commercial house, Hutchinson, Kohl & Co., for the term of twenty years, commencing from the month of February, 1871, the exclusive privilege of catching fur-seals on the Commandor Islands (Behring and Copper) and on Robben Island, belonging to Russia.

2. The commercial house Hutchinson, Kohl & Co. binds itself in the course of a year from the conclusion of this contract to present in the number of their partners at least one partner a Russian subject, whose name will be included in the firm of the company. The local authorities of the country will have the duty of watching over the fulfillment of this agreement.

3. For the sole privilege of catching fur-seals on the above-mentioned islands, the commercial house Hutchinson, Kohl & Co. pays the Russian government for twenty years the annual sum of five thousand roubles, according to section 8 of this contract, and an additional payment of two roubles for every fur-seal skin taken away by them from these islands. Besides this, the commercial house Hutchinson, Kohl & Co. pays to the natives for each full-grown and uninjured skin received from them fifty copecks in silver money. Each native hunter receives from the company a receipt-book, in which the agent of the company enters the number of skins received and the payments made them. In case of a discord (dispute) this book is full evidence.

4. The catching of fur-seals on the islands Behring and Copper must be done exclusively by natives; but on Robben Islands, as they are uninhabited, the company can employ their own hunters.

5. The commercial house Hutchinson Kohl & Co. agrees on all above-mentioned islands to kill only such a number of seals as may be fixed by the local Russian authorities, and the company also agrees to receive of the natives the full quantity of seal-skins taken, except of damaged and not full-grown skins. At present, though, for the purpose of fixing the price of the contract, the minimum number of skins to be taken by the company is put down at one thousand skins.

6. The catching of fur-seals shall be carried on from the month of May to the end of November; it, however, depends on the local authorities to change or prolong this hunting period.

7. In order to take away the skins from these islands, Hutchinson, Kohl & Co. agree to charter a Russian vessel provided with the necessary legal documents for carrying the Russian flag, which shall be sent out from Petropavlovsk, or some other Russian port, on the condition of returning to the same port, after the trip to the islands, for the purpose of paying the due tax per skin, according to section 3 of this contract, and then the skins can be exported by foreign vessels. The vessel going out of a Russian port to these islands shall be furnished by the local authorities with a special clearance.—REMARK—For catching fur-seals on Robben Island, the chartered Russian vessel can go out of one of the Russian posts in Patience Bay if the preliminary visit to the port of Petropavlovsk should prove inconvenient.

8. The annual payment mentioned in section 3 is to be made by Hutchinson, Kohl & Co. in Petropavlovsk, a year in advance, in drafts on St. Petersburg or London, not putting the government to any expense for the transfer of the sums. The tax for the skins taken away is to be paid in the same way, but only after the conclusion of the yearly operations. The company has also the right to pay the tax in Petropavlovsk in cash, although they are not obliged to do so.—REMARK—The annual payment for the first year is to be made by the company at St. Petersburg, at the conclusion of this contract.

8. As a guarantee for the punctual payment of the annuity, as well as of the tax on the fur-seal skins taken away from the aforesaid islands, Hutchinson, Kohl & Co. deposit in the Russian Imperial Bank thirty thousand roubles. This deposit can consist of Russian government 5 per-cent. securities, or of stocks and bonds guaranteed by the government, received at the prices periodically published by the ministry of finance, for the receipts of deposits from government contractors and furnishers. The interest arising on such securities remains the property of Hutchinson, Kohl & Co.

10. The import of spirituous liquors to the Commandor Islands is prohibited. With the exception of these liquors, the commercial house of Hutchinson, Kohl & Co. have a right to sell to the natives of these islands necessary articles, at prices not higher than those fixed by the local authorities on agreement with the agent of the company.

1. Up to the expiration of the contract with Philipeus concerning the provisioning of the Northern Circuits, namely, up to the 1st of January, 1872, the commercial house Hutchinson, Kohl & Co. agree to take from Philipeus the necessary quantity of salt, at prices fixed in the above-mentioned contract. After the expiration of the contract, the commercial house Hutchinson, Kohl & Co. is allowed to import salt for their own as well as for local use, free of duty or tax.

12. In case of any quarrels or disagreement concerning this contract arising between the Russian government or Russian subjects and the commercial house Hutchinson, Kohl & Co., the latter agree not to have recourse to or profit by any intervention of the Government of the United States. Disputes and disagreements with the natives are to be decided by the local Russian authorities in the usual course, but disputes between the company and the Government shall be decided according to the laws of the Russian Empire.

13. The ministry of the interior, through the medium of the local authorities, and of officials delegated for that purpose, watches over the punctual fulfillment of this contract and the rights of the commercial house Hutchinson, Kohl & Co. In case of any material infringement by the latter, the Russian government has the right to annul this contract, but not otherwise than by legal proceedings, according to the laws of the Russian Empire.

14. If experience shows the necessity or utility of making any change in any point of this contract, or of adding new explanations, then, by agreement between the ministry of the interior and the commercial house of Hutchinson, Kohl & Co. there may be concluded between them special additional conditions for the remaining term of this lease, in the same way as this contract has been concluded.

15. All the expenses of concluding this contract are taken upon himself by Mr. Wassermann.

16. This contract is to be kept holy and inviolable on both sides—the original Russian text of which must be kept in the department of the executive police of the ministry of the interior; a certified copy of it in the Russian and English languages is to be given to A. Wassermann. Similar copies in the Russian language must be sent by the ministry of the interior to all places and establishments affected by the fulfillment of this contract.

Dated February 18, 1871.

PAUL PAVLOVITCH KOSAGOFSKY,

*Director of the Department of the Executive Police of the Ministry of the Interior,
Actual Counselor of State.*

HUTCHINSON, KOHL & CO.,
By A. WASSERMANN.

—
Certificate.

I, the undersigned, Charles Hamdorff, His Imperial Majesty's notary public, sworn for foreign affairs and for those of the exchange, do hereby certify that the present is a true translation of the certified copy in the Russian language, hereto annexed. In witness whereof I have hereunto set my hand and seal of office, St. Petersburg, the 25th February, 1871.

[SEAL.]

CHARLES HAMDORFF,
Notary Public.

—
Translation of supply-contract.

On the twenty-seventh day of February, A. D. one thousand eight hundred and seventy-one, I, the undersigned, August Wassermann, authorized agent of the commercial house of Hutchinson, Kohl & Co., citizen of the United States of America, have closed the following contract with the ministry of the interior:

1. The commercial house of Hutchinson, Kohl & Co. is bound to supply the islands Shoosha, Simusir, Behring, and Copper with the principal provisions, namely, flour, groats, salt, gunpowder, and lead.

2. The commercial house Hutchinson, Kohl & Co. is bound to have all the articles

named in section one stored on each of the islands in quantity sufficient for two years, according to the number of people living there, namely, on Shoomsha island, six hundred poods of flour, thirty poods of salt, twenty poods of gunpowder, and fifty poods of lead; on Behring Island, one thousand poods of flour, one hundred poods groats, two hundred poods of salt, twenty-five poods of powder, and sixty poods of lead; on Copper Island, three hundred poods of flour, forty poods of groats, fifty poods of salt, ten poods of gunpowder, and thirty poods of lead. On the island Simusir, the commercial house Hutchinson, Kohl & Co. is bound to have such quantity of provisions as may be fixed by the military governor of the Littoral district. This quantity may be diminished if, at the end of the year, one-half shall not have been consumed; but if this quantity should be insufficient, the said commercial house is bound to increase it, inasmuch that the inhabitants may in nowise be in want of said articles. Of such supplies the said commercial house is bound to inform the military governor of the Littoral district.

3. The commercial house Hutchinson, Kohl & Co. is bound to sell the articles named in section 1 on all the islands at prices not exceeding the following, namely: rye, or wheat flour and groats, three roubles; salt, one rouble; lead, six roubles, and gunpowder one rouble per pood, full weight on the spot. The said commercial house is bound to establish and keep the warehouses and stores; also, to pay the clerks selling the provisions at its own expense, and has no right to request any assistance from the Government either for its establishment or for the transportation of provisions.

4. To all the medical and police functionaries installed by the Government on said islands the said commercial house is bound to furnish, at the request of the authorities, fixed rations of provisions on receipts, which the treasury of the imperial government will pay at the aforesaid prices. The said commercial house is also bound to furnish the medical functionaries with necessary medicines, according to the number of inhabitants, if the military governor requires it.

5. The commercial house Hutchinson Kohl & Co. is bound to carry, without charge, on its ships all medical and police officers and clergymen sent by the Government to visit the islands, but on the conditions that by such passengers the vessel shall not be obliged to change its course. Also, the said commercial house is bound to carry to their destination on its ships all parcels and mails delivered by the Government. On its side the Government will order the commanders of its own vessels to assist the commercial house and its agents in the same manner.

6. This contract becomes obligatory from the 1st of January, 1872, for the term of three years, and until the 1st of January, 1875.

7. The commercial house Hutchinson Kohl & Co. is bound to take of Mr. Philippeus, who has heretofore furnished the aforesaid provisions according to the contract closed with him, such quantity of goods as may be on hand on the 1st of January, 1872, at the prices fixed in this present contract, on condition that the quantity does not exceed the two years' supply named in section 2 of this contract, and that they are of good quality.

8. It should be considered that gunpowder and lead are generally furnished by the government; that the unrestricted sale of gunpowder is wholly prohibited to private persons; and that its sale by this contract is conveyed to said commercial house with a view to preserve the government's interest by avoiding the voyages of the government's vessels. They should, therefore, be sold only in quantities necessary to the wants of the inhabitants of the islands. Also, that in furnishing a two years' supply of salt it is liable to considerable waste, which, by this contract, the commercial house Hutchinson, Kohl & Co. must bear. The military governor will deliver to the said commercial house an open order to notify the merchantmen possibly landing at the islands, as well as the inhabitants, that the sale of the aforesaid articles, gunpowder and lead, is, for the term of this contract, conveyed solely to the commercial house Hutchinson, Kohl & Co., and that no other person has the right to import these articles into the islands. In case of transgression the articles will be confiscated to the government's profit. The other articles named in this contract may be freely imported and sold by other persons.

9. At the expiration of this contract, and in case of its non-renewal, the government is bound to take of the said commercial house the provisions imported by virtue of this contract, by weight on the spot, and at prices agreed on in this contract, on condition that the quantity does not exceed the two years' supply. Of the cessation of this contract the commercial house must be informed one year in advance.

10. Estimating the operations at six thousand roubles, Mr. Wassermann will bear the expenses for stamped paper, and the fixed duties.

11. This contract is by both sides to be kept holy and inviolate, (the original to be filed in the department of the executive police of the ministry of the interior, and a copy to be given to A. Wassermann.) In case of non-fulfillment of any point of this contract, the commercial house Hutchinson, Kohl & Co. will be subjected to its lawful nullification.

APPENDIX C.

TREASURY DEPARTMENT,
Washington, D. C., May 26, 1876.

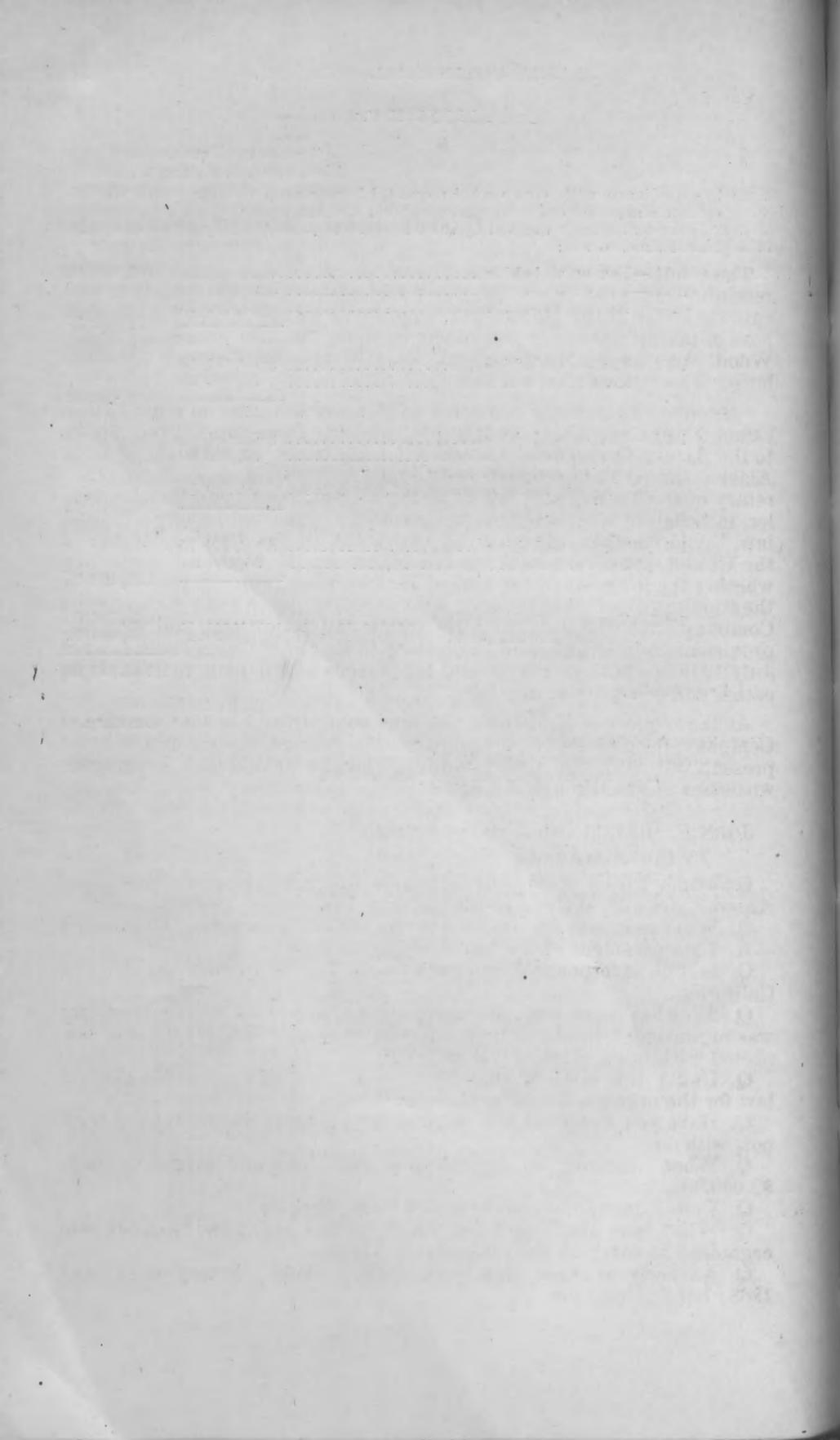
SIR: In compliance with your verbal request, I have caused to be prepared the following official statement exhibiting income from the tax on seal-skins and from the rent for the fur-seal islands derived by the Government since the acquisition of Alaska to the present time, to wit:

Fiscal year 1871.—Tax on seal-skins.....		\$101,080 00	
1872.—Tax on seal-skins.....	\$262,382 63		
Rent of fur-seal islands.....	60,480 75		
			322,863 38
1873.—Tax on seal-skins.....	\$252,181 12		
Rent of fur-seal islands.....	55,000 00		
			307,181 12
1874.—Tax on seal-skins.....	\$272,081 25		
Rent of fur-seal islands.....	55,000 00		
Sale of seal-skins taken by Government agents, under section 6, act July 1, 1870.	29,529 17		
			356,610 42
1875.—Tax on seal-skins.....	\$262,494 75		
Rent of fur-seal islands.....	55,000 00		
			317,494 75
1876.—Tax on seal-skins to date.....		262,584 00	
Rent of fur-seal islands for year ending May 1, 1876....		55,000 00	
			1,722,813 67

Respectfully,

B. H. BRISTOW,
Secretary.

Hon. FERNANDO WOOD,
*Chairman Subcommittee Committee of
Ways and Means, House of Representatives.*



COMMITTEE OF WAYS AND MEANS,
Washington, February 25, 1876.

The Committee of Ways and Means, in pursuance of the following resolution adopted by the House of Representatives, proceeded to execute the order of the House, and appointed a subcommittee for the purpose of taking testimony and reporting upon the case, consisting of Mr. Wood, Mr. Chapin, Mr. Burchard, Mr. Hill, and Mr. Kelley. The resolution is as follows:

Resolved, That the Committee of Ways and Means be requested to examine into and to report whether the lease from the United States to the Alaska Commercial Company, of the right to take fur-seals in Alaska, signed and executed by William A. Richardson, as Acting Secretary of the Treasury, in behalf of the United States, and John F. Miller, in behalf of said company, was made and executed in pursuance of law. And whether said lease, as made, was to the best advantage of the United States, according to the offers of the bidders. And, also, whether the interests of the United States were properly protected by the stipulations of said lease. And whether the Alaska Commercial Company have complied with its terms and conditions, and with the provisions, regulations, and limitations of the act of Congress approved July 1, 1870; with power to send for persons and papers, to administer oaths, and to report at any time."

At the request of Mr. Miller, the president of the Alaska Commercial Company, the counsel of the company, Mr. Jeffries, was permitted to be present, but with the understanding that he should not interrogate witnesses unless through a member of the committee.

JOHN F. MILLER sworn and examined.

By the CHAIRMAN:

Question. Please state your full name and your place of residence.—

Answer. John F. Miller; residence, San Francisco.

Q. What relations do you hold to the Alaska Commercial Company?
—A. I am president of the board of directors.

Q. Is it an incorporated company?—A. Yes, sir; under the laws' of California.

Q. At what time was the company organized?—A. The company was organized, I think, in 1869. It was organized before I became connected with it. I think it was in 1869.

Q. Under the laws of that State?—A. Yes, sir; under the general law for the organization of corporations.

Q. Have you a copy of the original act of incorporation?—A. I have not, with me.

Q. What amount of capital had the company originally?—A. \$2,000,000.

Q. Does it remain at that sum now?—A. Yes, sir.

Q. What was the object for which it was organized?—A. It was organized to carry on the fur-trade in Alaska.

Q. As early as what time?—A. 1869, I think. It may have been 1868; but I think 1869.

Q. That was previous to its having any contract with the Government?—A. O, yes; long previous to that.

Q. Previous to the passage of the act?—A. Yes, sir.

Q. Did the company, at that time, have any connection with the Government?—A. None at all.

Q. From the time of its organization down to the making of this contract in August or July, 1870, was the company in any way interested in the catching of those seals?—A. The company was not, as a company. The stockholders of the company were engaged in the business there. The company was first organized by the members of the firm Hutchinson, Kohl & Co., and then there were other firms, Williams, Haven & Co., and John Parrott & Co., who were engaged in the fur-trade up there, and had been taking some seals, who joined with them, and the combination between those firms was effected along about the beginning of 1870, and they then all became stockholders in the Alaska Commercial Company.

Q. The same parties whom you refer to, Hutchinson, Kohl & Co., and the others, organized this company?—A. Yes, sir.

Q. Had those parties, to whom you refer, any arrangement or connection with the Government?—A. Yes, sir, they had. To go back a little. Hutchinson, Kohl & Co. were the successors of the old Russian-American Company. They bought that company out directly after the cession of Alaska to the United States—bought out all their property, stations, merchandise, &c.

Q. What was the business of that company?—A. It was a fur company, engaged in sealing on the islands of Saint Paul and Saint George, and had numerous stations on the main land and the Aleutian Islands. Hutchinson, Kohl & Co. became the successors; but the two seal-islands were made a Government reservation by act of Congress in 1868, I think, and the islands were placed under the supervision of the Secretary of the Treasury. Then other parties besides Hutchinson, Kohl & Co. desired to seal there, and Williams, Haven & Co., an old sealing firm that had been engaged in sealing in the Southern Ocean, sent vessels there, and John Parrott & Co., of San Francisco, did the same thing; and these parties were allowed by the Secretary of the Treasury to take a certain number of seals on the islands, so as to furnish a subsistence for the inhabitants there, that they might not become a Government charge. That is the way that these parties became identified together in this business.

Q. See if I understand you correctly: Hutchinson, Kohl & Co. purchased from the Russian-American Company all their works there—buildings, boats, and, practically, fell heir to that whole business?—A. Yes, sir; they bought everything they had.

Q. That was as early as 1868?—A. Yes, sir; I think it was in 1868. It was directly after the cession of Alaska. I don't remember the date exactly.

Q. Was it in consequence of their occupancy growing out of this purchase that the Secretary of the Treasury made some arrangement with them anterior to the passage of this law?—A. Yes, sir; that was the reason. They owned all the buildings on the islands of Saint Paul and Saint George; they owned all the skin-boats and all the other appliances necessary to carry on the business. The people there had no other labor except that of taking seals; they were the laborers of the old Russian-American Company, and the Secretary of the Treasury permitted these people to continue their business under certain limitations and restrictions, and they furnished the people with supplies as pay for

their labor. That was the condition of affairs prior to the act of July, 1870.

Q. Did the Government derive any advantage from that temporary arrangement?—A. They did, after the passage of the act of 1870.

Q. No; I mean before the act. After this first permission given to the company, did the Government derive any advantage?—A. There were a certain number of seal-skins taken prior to the passage of this act which remained on the islands, and when the act was passed a royalty of \$1 per skin was levied, I think, amounting to \$80,000, and the Government got that. They paid a dollar a skin when they removed the skins, and I think it was about \$80,000.

Q. Then that was the first thing that the Government received from the privilege they had granted to this company—this royalty on those skins—after the passage of this act, and that was a dollar a skin, amounting to \$80,000?—A. Yes, about that in round numbers.

Q. Do you know whether that permission that was given to that company was in writing?—A. O, yes, sir; it was in writing. I have seen it.

Q. Were you here at the passage of the act under which this contract was made?—A. I was.

Q. Were you at that time interested in those seal-fisheries in any way?—A. I was interested with Hutchinson, Kohl & Co. I had bought in as a partner of Hutchinson, Kohl & Co. We had then formed the combination, and I was a stockholder in the Alaska Commercial Company.

Q. Had you not at that time been in some official connection with the Government yourself?—A. I had been previously collector of customs in San Francisco; but I had resigned.

Q. Before you made this connection with them?—A. O, yes.

Q. You had no interest with them at the time you were collector?—A. None in the world.

Q. Did you in any way recommend or have anything to do with the passage of this law?—A. I was in favor of the law. When I had occasion to say anything to any one about it, I was in favor of it; but I did nothing about it until after I had severed my connection with the Government. I had nothing to say about it particularly as long as I remained collector of customs.

Q. Were you consulted by members of Congress or others at the time of the passage of this law as to its expediency or propriety?—A. Yes, sir; by many of them.

Q. Were you here at the time the contract was made?—A. I was, sir; I signed the contract, on the part of the company, as president.

Q. I see in the letter of the Secretary of the Treasury, (Executive Document 108, Forty-first Congress,) that there was some doubt as to the proper construction of the law with reference to the rights of this company under it?—A. Yes, sir; there was a question. The company contended that the phrase, "The parties heretofore engaged in the trade," which occurs in the act of July 1, 1870, meant this company or the persons composing this company, and that therefore it was the duty of the Secretary of the Treasury to lease the island to them; but he took a different view of it, and that question was referred to the Attorney-General, and you will find his decision there.

Q. Have you, in your possession, any information or knowledge pertaining to this question outside of these papers and documents which have been submitted by the Secretary of the Treasury?—A. No, sir; I have no documents at all outside of those; I think those comprise all the documents.

Q. Had you any interviews with the Secretary at that time, yourself, personally, with reference to this matter?—A. I had several interviews.

Q. You found him rather reluctant to make the contract?—A. He was reluctant to give it to— well, he refused to do what we requested. We made an offer to take the contract upon the terms specified in the act. He refused to give it to us because he said he thought he could get more; he said he was required to lease it to the best advantage to the United States, and under that clause he was bound to get all he could; so he proposed to invite proposals, and he did so. We objected to that.

Q. Did you have occasion, about that time, to seek any influences outside of what you deemed to be the rights you possessed under the law, to induce the Secretary to make the contract?—A. No, sir; we never brought any influences to bear upon him, to my knowledge. I went once to see the President about it; and I had a talk with him, but I got no satisfaction from him. He listened to what I had to say, but he made no reply; did not say whether he would do anything, or what he would do. I do not know that he ever did anything. I did not ask him to do anything. He was the only person that I ever talked to.

Q. Did you solicit his influence?—A. I did not, sir. I simply made a statement; but the position which we took in respect to this we found to be wrong—at any rate we were overruled in it by the Attorney-General, and then of course we dropped that branch of the case and submitted a proposal with the others.

Q. Do you recollect that Mr. Boutwell declared to the counsel of one of the other bidders that one of the other bidders had offered more favorable terms to the Government than your bid?—A. No, sir; I never heard any such thing.

Q. Why was it that Mr. Boutwell was absent at the time of the execution of the contract?—A. I do not know. I don't know what business he was on. He went North the day that this contract was let. He left, I think, about an hour before the contract was awarded. I don't know why he went away; I don't know what his business was; I know nothing about it. I understood that he directed the whole matter, directed Mr. Richardson in respect to the letting of the contract. I understood that from Mr. Richardson. He did not tell me anything about it himself.

Q. Were you present at the opening of the bids?—A. Yes, sir.

Q. Was Mr. Boutwell present at the opening of the bids?—A. At the opening of the bids he was. I think he opened the bids himself, but he did not award the contract until some days afterward.

Q. By the documents we see that Mr. Richardson, Acting Secretary, signed the contract.—A. O, well, that was in August. If you look at the dates you will find that the contract was awarded long before the lease was signed. The lease was signed August 3, and the contract awarded some time in July.

Q. Do I understand you that Mr. Boutwell made the award or Mr. Richardson?—A. Mr. Richardson made the award; that is, he said he was directed by the Secretary to award it to this company. The Secretary had left about an hour before to go North. He seemed to have some important business North, and he left the office.

Q. The bid is dated August 3. The award was on July 30; leaving four intervening days. I see in the concluding part of your bid you specify your offer, and you offer at the same time, "in the event that any other party, who within the true intent and meaning of said

act is 'a proper and responsible party,' shall, under said advertisement, offer, in good faith, a greater amount for said privilege than the whole amount offered by said company, as above stated, to pay to the United States the full amount offered by such party and comply with the law and regulations, and give all the security required." What did you understand to be meant by that?—A. We understood this; In the first place, the act did not provide for opening this to competition; it made no provision for proposals; and as the Attorney-General had decided that in leasing for the best advantage to the United States, the Secretary had a discretion to ascertain, in any mode suitable to himself, what consideration he could get for this contract, we thought that we were justified in taking a very wide range in making the bid, and as we were the parties heretofore engaged in the trade, we thought we should have the preference, if we gave as much as anybody else. We put in our bid in that form, but you will see by the bid itself we gave more than anybody else. You will observe in the 4th section of the act that the Secretary is required to take into consideration the interests of the parties heretofore, engaged in the trade. It reads, "that immediately after the passage of this act, the Secretary of the Treasury shall lease, for the rental mentioned in section 6 of this act, to proper and responsible parties, to the best advantage of the United States, having due regard to the interest of the Government, the native inhabitants, the parties heretofore engaged in the trade, and the protection of the seal-fisheries."

Now you will observe, it says that he shall have due regard to the interests of the native inhabitants. We proposed to give as much as any other proper responsible party, and in addition, sixty cords of fire-wood to the natives free of charge, a sufficient quantity of salt, the number of barrels necessary for dried meat, and twenty-five thousand dried salmon. Now there is no wood upon the islands at all, and at Saint Paul's Island there is very little drift-wood, some years none, as I am informed. The fuel necessary for the inhabitants of the island would have to be conveyed there, so we proposed to take them sixty cords of fire-wood each year. That has since been modified, and coal has been substituted for wood, and we deliver sixty tons of coal in lieu of the sixty cords of fire-wood. That is done by agreement between the Secretary of the Treasury and ourselves, the coal of course furnishing much more heat than that amount of wood. The wood in that country is very poor. That coal is worth on the islands something near \$30 a ton. The Government paid last summer \$24 a ton for coal delivered at Ounalaska, and it is worth more to deliver it on these islands, because there is no harbor there, and it has to be taken ashore on skin boats. But suppose it to be worth \$25 a ton, (it would be worth \$25 a cord to take wood there,) and it amounts to a considerable sum. All that we supply here is worth between \$15,000 and \$18,000 per annum, which goes to the native inhabitants. Our bid was that much better than the bid of any one else, that we agreed to give as much as any other responsible party and that much more. As these proposals were only invited by the Secretary of the Treasury for his information, not authorized by law, he could reject or accept any one of them, or reject them all, if he saw proper. They were only for his information, to see what he could do best for the United States.

Q. If the Secretary of the Treasury had made this contract with either of the other bidders, say Mr. Goldstone, for instance, who appears to be the principal competing bidder, could that bidder have executed a contract according to law in the interest of the United

States ; and if not, why not?—A. Well, he would have difficulty in executing it, because he would not have owned a single building or any of the appliances necessary to carry on the business on the island, and, besides that, Hutchinson, Kohl & Co. had made contracts with those people. I do not know whether such contracts would have stood in law or not, but they had made contracts with the inhabitants for their labor for two years unexpired. I mean the inhabitants of Saint George's and Saint Paul's Islands. Those contracts were made before the passage of this act. It would have been very troublesome for any lessee to have gone there. He would have had no right to have taken possession of the buildings owned by Hutchinson, Kohl & Co. and Williams, Havens & Co. ; that is the Alaska Commercial Company. It would have taken a good while to have built the salt-houses, the skin boats, and the dwelling-houses and other things necessary to carry on the business ; while these people had everything to go on with it without interruption. There would be that difference. Then these parties were engaged there in that business, and they claimed the right to continue it ; the act specified that due regard should be had to their interests ; and taking all these things into consideration, if this company offered as fair terms as any other company, having all these appliances and also having the people who had been accustomed to this business, the agents of the old Russian-American Company who understood the business—in other words, the skilled people in the business—having all of them in their employ, they were certainly more capable of carrying on the business than any other parties. That was the position we took at the time. I think it was justified by the facts.

Q. How long would it have taken for any new company to have availed themselves of the advantages which you say your company possessed at that time ? Could not they have done it in one season?—A. Yes, sir ; I suppose they could do so in one summer season.

Q. The catching of the seals is confined to four months of the year?—A. Yes, sir ; that is the only time. The act prescribes the time at which they can be taken. We take them now in the first two months of the year, because we have found that the skins are more valuable, so we take them in June and July.

Q. How many seals have you taken per annum since you have had the contract?—A. The first year, 1870, we took very few, because the season was nearly over before our vessels got there. Since that time we have taken nearly a hundred thousand per annum ; not quite. We have always kept inside of the act. There is a report by a Mr. Moore, who examined our books, and the number is correctly given in that report.

Q. That is the number coming into the port of San Francisco?—A. He gives the number, I think, taken on Saint Paul's and Saint George's Islands. On page 7 there is a statement of fur-seal skins from those islands.

Q. As I recollect his report, it was confined to the examination of the books in the collector's office in San Francisco ; his data he made up from that examination?—A. O, he examined our books ; he went through them very critically. I suppose he was two or three weeks.

Q. Have you not also a contract with the Russian government to take seals from other islands?—A. Hutchinson, Kohl & Co. have a contract.

Q. But not your company?—A. Yes, sir ; it belongs to the company. The same persons interested in the Alaska Commercial Company are interested in that. It was originally given to Hutchinson, Kohl & Co.,

but the firm was increased by taking in all the stockholders, and it is carried on in the name of Hutchinson, Kohl & Philip Pierce & Co.

Q. Can you furnish us a copy of the contract you have made with the Russian government?—A. I cannot now. I will send it to you from San Francisco.

Q. When was that contract made?—A. That was made after the contract with the United States. I think it must have been made in 1871.

Q. What privileges do you get from them?—A. We have like privileges. The same system is carried on there as on Saint Paul's and Saint George's. We have a lease of the islands, Copper Island, Behring Island, Robbin Island; three islands. We have a lease of the islands from the Russian government for twenty years. We pay 5,000 rubles per annum rental, and two rubles for each seal-skin taken and shipped from the islands. The silver rouble is between 75 and 80 cents of our money in gold.

Q. How far are those islands removed from Saint George's and Saint Paul's Islands?—A. The Copper and Behring Islands lie over on the coast of Kamtchatka; it must be 350 miles, or thereabouts; maybe a little more.

Q. A few hours' sail?—A. Not a great way from there. It is three or four hundred miles.

Q. You use steam-vessels?—A. We have been using one steamer for our business at Saint Paul's and Saint George's. The business on Copper and Behring Islands has been carried on by sailing-vessels.

Q. You have constant communication between the two sets of islands?—A. No, sir; no communication whatever. We do not send our vessels that way at all.

Q. But the interests being identical, one would suppose that you would have communication?—A. The business is kept just as separate as if they were two separate concerns, one not having any interest in the other at all. The books and the whole business are kept separate and distinct. The skins from Copper, Behring, and Robbin Islands are brought to San Francisco. "Foreign" free entry is made. They come "foreign;" whereas those from Saint Paul and Saint George are "coast-wise." The skins are taken from Copper and Behring Islands by Petropaulovski.

Q. How do you get your supplies to those Russian islands?—A. We send from San Francisco to Petropaulovski.

Q. Do you frequently interchange supplies?—A. No, sir; not at all.

Q. Nor laborers?—A. No, sir; no interchange at all. None of our vessels have ever gone over to those islands from Saint Paul's or Saint George's at all.

Q. What is the distance from San Francisco to Saint Paul's and Saint George's?—A. About two thousand two hundred miles.

Q. You get your supplies from both sets of islands at San Francisco; that is your chief place of business?—A. Yes, sir; our chief place of business, and where we fit out our vessels.

Q. What has been your catch of seals on the Russian islands?—A. We caught last year 36,000.

Q. Where do you send them?—A. To London, consigned to C. M. Lampson & Co..

Q. Are they the consignees for your American furs?—A. Yes, sir.

Q. Is London your sole market?—A. It is the only market we have.

Q. Haven't you sent any to Germany?—A. No, sir; nothing has gone.

Q. None to Leipsic?—A. No, sir.

Q. Are there no parties in Leipsic interested in your contract?—A. No, sir.

Q. None of your stockholders reside there?—A. No, sir.

Q. Is all the European market supplied from London?—A. All; and the American market, too.

Q. The American market is supplied from London and not from San Francisco?—A. Not from San Francisco. Our skins are all sold in London at auction, and if an American furrier desires skins he goes there and buys them, and they are manufactured in London and brought over here and pay duty as manufactured skins—20 per cent. duty, I think.

Q. How far are those Russian islands from the coast of China?—A. They are a long way from China; they are on the eastern coast of Kamtschatka; that is, Copper and Behring Islands. Robbin Island is a little rock not far from Lagaleen Island, an island recently bought of Japan.

Q. Has your company never sent any skins from either of those sets of islands, Russian or American, to Japan or to China?—A. No, sir; there is no market there for seal-skins. There is only one market for seal-skins, and that is London.

Q. Have you ever placed any on board whaling-ships?—A. No, sir. They are all carried upon our own vessels.

Q. What would be the effect upon your contract, or upon your business as a whole, to exceed the quantity of 100,000 allowed?—A. The Secretary of the Treasury has power to annul the contract.

Q. What would be the effect upon the business, suppose you took 150,000 instead of 100,000?—A. It would overstock the market for the time being. There would be no particular advantage in doing it. It would overstock the market. It is very important that the supply of raw material should be as uniform one year with another as possible, so that the furriers may know what to depend upon. It affects the price of seal-skins to have any uncertainty in regard to the number that are coming into market, and the fact that we have been restricted to 100,000, and the fact that we can reasonably calculate upon the number coming from the Russian islands, has been greatly to our advantage, because furriers know exactly what to depend upon, and make their calculations accordingly, and that very fact alone has raised the price of seal-skins. And now any change—if the furriers in London should find that there was any doubt about the number of seal-skins that were coming into market—in other words, if they should find out that from any cause these laws would be abolished and this trade left open to the world, seal-skins would go down, because they would expect the market to be overstocked. When I was in London, I talked with all the great furriers there upon that subject, and they were delighted to know that they could calculate with reasonable certainty upon the number that were to be put upon the market each year. The furriers influence fashions. The value of this article is subject to the caprice of fashion, but the furriers themselves aid in making the fashions, and they make the fashion for an article that will pay—out of which they can make money. If they cannot make money out of an article of fur, they put that out of fashion if possible. If they find, as they did here by these contracts, that the principal supply of raw material is governed by law or regulations, so that the number of skins is to be nearly uniform each year for twenty years, they know they can build up a business upon that basis. They can afford to spend money in pushing this article, in making it fashionable and in demand; and

this very restriction has been of great advantage to the company in that way, and any disturbance of it will be a great disadvantage and a great loss, because it will disturb the value.

Q. Then, if I understand you, the effect of increased production of those skins would be to depress the price, so that you would receive no more for 120,000 than for 100,000?—A. We would probably make much less money. If we overran it to any appreciable extent, it would certainly knock the price down, and it would do it because it disturbs the present equilibrium, so to speak.

Q. Is not the consumption of those skins on the increase?—A. I think it is. I don't know how far it will increase, nor how long it will go on. It will go out of fashion in some countries and come into fashion in others, but the furriers will undoubtedly take care of that and try to find a demand for all these skins. But if the supply was variable they would not know what to depend upon.

Q. What would be the effect upon the seals themselves to largely increase the catching of them?—A. I suppose the rookeries on Saint Paul and Saint George would stand the killing of a larger number. There are various opinions about that. I think, however, it is safer to continue to take about the number that we are taking now. I would not increase it, not yet awhile. The seals are increasing, according to information received from our own people; I have never been on the islands myself. That is, the females are increasing. We do not kill females, but only males, and the natural result would be an increase. My information is that they are increasing.

Q. Have you seen a pamphlet that General Howard has transmitted to the War Department reflecting very severely upon the management of the natives, and on your principles of proscription and intolerance as against the people?—A. I have seen it, sir, a long time ago.

Q. What have you to say upon that subject?—A. Well, I don't want to use too strong expressions, but—

Mr. HILL. Say exactly what it is.

A. Well, sir, it is a lie from beginning to end. There is a lie in nearly every line of it; there is scarcely any truth in it. Wherever it attempts to make a statement of facts it misstates them. A great part of it is a reprint from certain articles that were printed in a little paper published in San Francisco by one Poncherenko, a Russian Tartar. I don't know how he got to San Francisco. He was once attached to the Russian legation in Greece as a chorister. They always take a priest with them, and a chorister, and he was a consul, and for a reason he was not allowed to go back to Russia, (the Russian consul told me the reason, which I don't care to repeat;) but this fellow established a little paper called the Alaska Herald in 1868, and this pamphlet contains the substance of articles that he used to publish about Hutchinson, Kohl & Company, and after the lease was granted he published many articles against the Alaska Commercial Company. This is a sort of compilation, with some additions, of the libels that that fellow used to publish every two weeks against the company.

Q. What have you to say in reply to the charge of this pamphlet? (indicating pamphlet;) I believe it is anonymous.—A. Well, it purports to have been published by the Anti-Monopoly Association of the Pacific coast, Charles Leisch, secretary. I don't know of any such association on the Pacific coast. I could not find it. I tried to find it.

Q. What have you to say in reply to that part of the pamphlet which professes to give an account of the condition of the people there; your selling them whisky, your oppressions, and your refusal or omission to

carry out that portion of the law which requires you to look after those people, and to exercise a kind of paternal government for their moral improvement?—A. I say that those statements are entirely false from beginning to end; that the company on the seal islands found those people burrowing in the ground, living in a sort of caves in the ground, in their own filth and squalor and disease, and we began, as soon as we got this lease, the construction of dwelling-houses for them. We have gone on until we have constructed a good, substantial, comfortable dwelling-house for every family on both islands. We have built on Saint Paul Island sixty-four dwelling-houses for the native families, and on Saint George something over twenty. There is one for each family. They are all above ground, and the houses are as good as the average houses that mechanics live in in your city. They are warm, lined inside, filled in between the lining and the weather-boarding. We give each one a stove. We charge them no rent for those houses at all; we make no charge for keeping them in repair. We have taught these people all we could of the benefits of civilization; have tried to enlighten them; we have maintained schools on the islands regularly; we have hired teachers. We have kept a physician on each island, a regular graduate of a medical college, all the time, with medicines free of charge; no charge for medical attendance upon the people; we forbid the doctor's receiving any gratuity from the people whatever. They have surgical instruments of all kinds there, so that if a man is sick or hurt or injured he can have the best kind of medical attention at once. We sell goods as cheap as retailers sell them in San Francisco. Our instructions are, that in no case shall there be more than twenty-five per cent. added to the wholesale cost in San Francisco. We make nothing at all out of the goods that we sell them. Flour we sell actually on Saint George Island cheaper than we buy it in San Francisco. The reason of that is that the price was established there a long time ago, and those people would think it was a sort of imposition if we changed the price. The price was established when flour was low, and we used to give them that black flour. We give them now excellent wheat flour, of good enough quality for anybody; as good as I want. The cloth, all that we send there, is of good quality. We have done this because it was to our interest to do it. They are our laborers, and we want them to be in a condition to labor. We desire to improve their condition in every way. They make better laborers and they are better satisfied. It is our interest in every respect to do this, and we have done it; and all these stories about their being maltreated in any way are all false; there is not a word of truth in them. I challenge the whole world to show an example equal to this corporation in its humane treatment of its laborers.

Q. What is the number of the native population on the islands?—A. It is about 370. There are certain families there that have no male protector, no person to labor, and we support those people free of charge.

Q. Has there been an increase or a decrease of the population since your contract went into existence?—A. I don't think it has increased or decreased. The total population of the two islands is put down here in Moore's report as 348. I suppose that is correct.

Q. What other employments are there on the islands except what your company furnishes?—A. None.

Q. You employ all the male population in your business?—A. Yes, sir. They work during the sealing season. For two months they work pretty well; they make good wages. They are quite prosperous; they have saved up a considerable amount of money. We taught them to

save their earnings, and we act as a sort of savings-bank for them. They do not know anything about the San Francisco Savings Bank, although we explained the matter to them; and they prefer to deposit their savings with the company, and we consented to take them, and we are paying them interest. I believe this report of Mr. Moore's, on page 13, gives the amounts correctly. In Saint Paul eighty natives are credited with \$34,715.24, and the church with \$7,969.17, making a total of \$42,684.41. In Saint George, twenty-four natives are credited with \$6,623.96, and the church with \$2,006.91, making a total of \$8,630.87.

Q. Have they any religious worship on the islands?—A. Yes; there is a church on each island, a Greek Catholic church, established there by the old Russian American Company.

Q. Are there any other denominations?—A. No, sir.

Q. There is no interference by your company with their religious views?—A. No, sir; we do not interfere with their religious ceremonies or teachings at all; we have never attempted to change them or influence them in their religion. We have encouraged the church in every possible way. We have assisted them in building the churches there.

Q. You say you have established schools there; are those schools taught in English?—A. Yes, sir.

Q. Do the natives readily send their children to those schools?—A. At first they did; but they do not now. They have got an idea that by learning English they will lose the Russian; that is to say, they will not be able to perform the rites and ceremonies of their church. They are an intensely religious people; it is their whole life, and the ceremonies of the church are in the Russian language, and the older people are rather opposing the teaching of English on the islands for that reason, that it interferes with the performance of the church ceremonies; but a good many of them go to school, and some of them are learning something. But it is a hard job, our people say, to teach them anything. We have tried very hard. In one of those schools, there was a Mrs. Fish keeping school; she was the wife of an officer of the Signal Service Bureau; she is a very intelligent lady, highly educated, and we put the school in her charge. She tried it on this Kindergarten system, which was found to be very good with the smaller children. We have done everything we could to make progress, I am informed.

COMMITTEE OF WAYS AND MEANS,
February 26, 1876.

By Mr. WOOD:

Question. In the contract which you made with the Treasury Department, it is provided that you were to pay 62½ cents for each seal taken and shipped; has your company complied with that?—Answer. Yes, sir.

Q. What modification, if any, has been made in the contract by the Treasury Department since it was made?—A. The contract provides that we shall pay 55 cents for each gallon of seal-oil taken and shipped from the islands, I believe; I do not recollect the exact language. The oil is not worth 55 cents; we could not sell it for that in any market. We did not, therefore, take it; we were not obliged under the contract to take any oil, and so we did not take any. The Secretary of the Treasury seeing this, finally concluded to modify the contract and give us the privilege of taking the oil by paying the natives 10 cents a gallon for trying it out.

Q. The Secretary did modify the contract in that regard?—A. Yes, sir.

Q. Did he do that in pursuance of any new legislation, or in pursuance of power, as he esteemed it, under the contract?—A. There was no legislation authorizing it. In the first place there was no such thing authorized in the act as a tax on seal-oil. It got into the contract by a trick, in the first place, by the people who made a proposition of that sort. It was done to affect the mind of the Secretary in letting the contract. They represented to him, as you see in Goldstone's bid, that they could take two hundred thousand gallons of seal-oil per year and pay 55 cents a gallon for the privilege of taking it, when everybody who knew anything about the price knew that it was not worth over 40 cents, and nobody can try out the oil for less than 25 cents a gallon.

Q. Then, as I understand you, that was one of the modifications of the contract?—A. Yes, sir.

Q. The Secretary, instead of demanding 55 cents for each gallon obtained from seals, in the wording of the contract omitted that requirement?—A. Yes, sir; and even now it does not pay to take the oil.

Q. Then, as I understand you, the Secretary modified the contract in that regard?—A. Yes, sir.

Q. And you have not paid the 55 cents a gallon on the oil taken?—A. I do not think we have paid any tax on oil. I do not think we ever shipped any oil except in very small quantities; there may have been a few barrels. I may say we have never paid any tax.

Q. Has the contract been altered or modified in any regard since you had it?—A. In regard to the fire-wood; we were obliged to give the natives sixty cords of fire-wood, and we have given them sixty tons of coal instead, by agreement of the Secretary of the Treasury. We have substituted tons of coal for cords of fire-wood.

Q. Was there any other modification that you recollect?—A. I do not know of any other.

Q. Was there not a modification made in reference to the quantity of skins you could take from each island?—A. That was done by act of Congress. There has been a change in the number taken from each island. We were allowed to take 75,000 seals on Saint Paul and 25,000 on Saint George. It has since been modified by authority of Congress so that we take 90,000 on Saint Paul and 10,000 on Saint George.

Q. That is the only other modification?—A. That is the only other modification that I know of.

Q. Then the contract would stand, with reference to certain provisions, obligatory upon your company; but I want to ask you specifically in regard to each provision, as to whether your company has complied with the contract; for instance, you were to furnish, free of charge to the inhabitants of Saint Paul and Saint George, 25,000 dried salmon; have you done that?—A. We have complied with that, substantially; the Government officers there desired us to substitute salt for dried. The natives prefer it, and we did as they requested. We furnished the equivalent of 25,000 dried salmon.

Q. The natives, then, preferred the salt salmon?—A. Yes, sir; they preferred the salt salmon.

Q. The only difference was between the salt and the dried?—A. Yes, sir.

Q. But that did not affect the value of them?—A. No, sir; in fact, I suppose the salt salmon is the most valuable; at least, they preferred it.

Q. For the fire-wood, as I understand, you substituted coal?—A. Yes, sir; and we delivered it regularly every year.

Q. And the salt?—A. The salt in barrels.

Q. I understood you to say, yesterday, that the school provision you complied with.—A. We have complied with that strictly.

Q. It has been stated to us personally that you have not done that.—A. We have done it.

Q. You have maintained a school upon each island?—A. Yes, sir.

Q. Ever since you had the contract?—A. Yes, sir.

Q. The schools are maintained, I suppose, during the eight months of each year when you take no seals?—A. Yes, sir; when we are not busy sealing.

Q. Have you killed any seals during any other months than June, July, September, and October?—A. No, sir.

Q. Have you used fire-arms?—A. No, sir; we do not allow the use of fire-arms at all during the sealing season.

Q. Has your company ever sold any fire-arms to the natives?—A. I think there were a few taken up there by authority of the Secretary of the Treasury at one time; but it was a long time ago. None have been taken recently.

Q. Was there not an attempt made to procure a modification of the contract with reference to that, through the instrumentality of the President?—A. No, sir; there was some discussion as to the modification of the provision about sending fire-arms into other parts of Alaska. It has been a mooted question, but not on the seal-islands.

Q. As I understand it, your contract did not give you any rights outside of the islands?—A. No, sir; not in that contract at all; this discussion arose about the general fur business in the Territory. We have had no contest about fire-arms on the seal-islands.

Q. Do you esteem that the contract gives you exclusive control of those islands in every other regard except that which limits the killing of the seals?—A. We consider that we have a lease on those islands—have a right to the seals.

Q. Do you think there is anything in that contract that gives you any other authority over those islands than those rights which are specifically declared in the body of the contract itself?—A. No, sir; we do not claim that.

Q. Have you attempted to exercise any such authority?—A. I know of no such attempt having been made.

Q. Has your company, or its agents on those islands, attempted to exclude the free admission of others to the islands?—A. No, sir; we have never excluded anybody from the islands—have never attempted to. There has been no occasion to do so.

Q. It has been stated in this report sent to the War Department by General Howard, to which reference was made yesterday, that you exercised a species of despotism over the natives, bringing them under subjection to your authority; that they were denied all civil rights except such as you chose to administer. What truth is there in that?—A. That statement is unqualifiedly false in every particular. We have never exercised or made any attempts at an exercise of despotism of any sort. The people there are as free as any people in the world. That question was asked me by Mr. Moore when he was making his investigation, and I answered it, and his report answers that very clearly. The people there are free to labor or not to labor as they see fit. We do not compel anybody to work unless he wants to work, and they leave the islands whenever they choose. We have never refused to give them passage

in our vessels away from the islands when they wished to go. We have always taken any natives in our vessels when they wanted to go at any time. We have never interfered in their religion or their government. They have a tribal organization there and govern themselves, and we have never permitted the slightest interference in their government, religion, or liberty in any way whatever.

Q. Have you ever remonstrated with the collector of the port of San Francisco against clearing any vessels for those islands from that port?
—A. No, sir.

Q. Are there any other vessels except your own that go to those islands from San Francisco?
—A. No, sir; no other vessels go there except ours and Government vessels.

Q. I want to get your construction of that contract. Suppose that a merchant in San Francisco should fit out a vessel with ordinary supplies of merchandise to sell to those people, and should register for that purpose and propose to supply them at a less price than you do, is there anything to prevent that?
—A. We should claim that that would interfere with us.

Q. On what grounds?
—A. On the ground that any disturbance upon the island has a tendency to drive away the seals. The fewer people we have there and the fewer vessels, the better. As to persons coming there to sell goods to the natives, considering the relations existing between the natives and the company, I do not know that we have a right to exclude people from going there under the terms of our lease; but I should claim the right to do it. That would be a legal question, perhaps, and I do not know how it would be decided.

Q. As I understand you, then, you infer from the nature of your contract with the Government giving you certain privileges there, you would feel, in order to carry out its provisions, and derive your profits from the contract, that it would be your duty to interfere with outside parties coming there?
—A. I think no one has a right to interfere with our business.

Q. You would, no doubt, have a right to exclude persons going there to take seals; but you calculate not only upon the monopoly of the seals but a monopoly of the labor of the island, and of course all the profits derived from the necessary supplies required for the people to keep them in comfortable condition? I want to get what your views are, and what the views of your company have been.
—A. Nobody has ever attempted or proposed any such thing.

Q. No such case has arisen?
—A. No such case has arisen, and it is not likely that any such case would arise; because, if we thought any person was attempting to establish himself there and undertake to undersell us to get the trade away from the natives, there could be only one purpose: it would not be a purpose to make money, but it would be a purpose to do us an injury, and we would put our goods down still lower; no one could make any money even at our prices.

Q. No such case has arisen, and therefore there can be no question raised as to your practice?
—A. No, sir.

Q. I will ask you what you would esteem it your duty to do if such a contingency should arise?
—A. If the contingency should arise we would meet it. I am not prepared to say just now what we would do, but we claim that no one has a right to interfere with us to our detriment. We pay for the privilege, and we claim that we have a lease to those islands.

Q. Were you asked yesterday as to the amount of revenue that you had paid since your contract with the Government?
—A. No, sir; I think not. I do not know the amount exactly that we have paid. I

have not got it. We have paid all the law and lease require. It has been over a million and half of dollars that we have paid into the Treasury. You can ascertain that from the Secretary of the Treasury.

Q. All that you have paid is from the skins and nothing from the oil?—A. We have paid nothing on the oil.

Q. Can you tell me what amount of money your company has expended in the erection of school-houses and the conduct of schools?—A. I could not tell the amount. We have school-houses there in which schools are held.

Q. What amount of wages do you pay the natives who are employed, and how are they employed?—A. We pay the natives 40 cents for taking each skin, and we pay them for other labor a dollar a day. There is an account kept between each native on a sort of a pass-book with the company, and whenever they want money they can have it, but they keep a sort of running account with the company.

Q. The compensation is 40 cents a skin, and a dollar a day in addition?—A. No, sir; a dollar a day for other work. For instance, we employ them at other labor, such as grading streets.

Q. How do you pay them, in money or in supplies?—A. Sometimes in money. If they desire the money, they can have it. We send the money to the island for circulation; there is a considerable quantity there; but they generally keep an account with the agent, and get supplies on a sort of running account at the store.

Q. In your letter you speak of your books and your accounts. Have you them with you?—A. No, sir; I have not. The books of the company are very large and voluminous, and are in San Francisco, in the office of the company.

Q. According to the papers forwarded to us, the Secretary of the Treasury last summer employed a Mr. Moore to make an examination of them?—A. Yes, sir.

Q. And I suppose that from his report we may get many facts. We would like very much indeed to have those books, if practicable.—A. We can send the books here, if the committee desire it. Of course it is a great inconvenience to the company to part with its books, as business is constantly going on, but if the committee desire it, we will send the books here.

Q. How long would it take, in case we conclude that we require them, to supply them to us, with some expert who would properly explain them on your behalf?—A. They could arrive here in from seven to ten days after notice.

By Mr. HILL :

Q. Your contract is for the lease of the two islands, Saint Paul and Saint George; what is the size of Saint Paul?—A. The exact size of Saint Paul is given in some of the documents; I think it is about fifteen miles long, and six wide.

Q. What is the size of Saint George?—A. It is about one-third as large.

Q. Saint Paul is the island where the seals chiefly establish their rookeries?—A. Yes, sir.

Q. How many skins can a native take per day?—A. A man will take a hundred easy enough.

Q. You pay him forty cents a skin?—A. Yes, sir; that price was fixed by the Secretary of the Treasury.

Q. What do you get for your raw skins?—A. There are various grades of them; some bring a good deal more than others. They bring

from 20 to 60 shillings in London. That would be from 5 to 15 dollars in our currency.

Q. You pay a duty of \$2.52 to the Government per skin, and forty cents to the native; that makes the cost of the skin about \$3?—A. Yes, sir; and \$55,000 a year rent for the island, which makes 55 cents a skin, supposing we take one hundred thousand skins. The tax we pay to the Government is \$3.67½ a skin; it amounts to that, taking the rent of the island and royalty on the skin, or tax, as you please to call it; in other words, we pay \$317,500 a year.

Q. What is the amount of the capital stock of your company?—A. \$2,000,000.

Q. Do you engage in any other business there except of taking furskins?—A. O, yes; we have what we call our land business. We have fur-stations on the main-land of Alaska and the Aleutian Islands.

By Mr. WOOD:

Q. What do you mean by "stations"?—A. Trading-posts on the main-shore.

Q. That is independent of your contract?—A. Yes, sir; it has nothing to do with that at all.

By Mr. HILL:

Q. I understand that the Alaska Commercial Company, who are the lessees of the United States, are not confined to the taking of seals, nor to the business of those two islands, but that you had, before this, other business in which you were legitimately engaged, and which you continued?—A. Yes, sir.

Q. And that includes these trade-stations all along the coast of Alaska?—A. We had at one time—we have abandoned some of them because they did not pay—we had fifty stations, I think, or stores, where we bought furs of the natives of Alaska. We put a little steamboat on the Yukon river; the first steamboat that ever penetrated into the interior. Ours went into the interior some two thousand miles, perhaps, to the territory, part of which the Hudson's Bay Company used to occupy.

Q. You have taken the trade of the Hudson's Bay Company?—A. From Alaska.

Q. You trade with those natives; you say you buy furs of them?—A. Yes, sir.

Q. What kind of furs?—A. The usual furs that are kept by such companies; no seals at all.

Q. You buy all other kinds of furs?—A. Yes, sir; beaver, marten, Alaska sable, ermine, gray fox, white fox, red fox, cross fox, and silver fox.

Q. And you buy these furs and give supplies to the natives in exchange for them?—A. Yes, sir; we supply the natives.

Q. You have a sort of an import and export trade?—A. Yes, sir; and we have no special trouble about that trade; it is open to everybody. There are many opposition traders trading against the company, but, of course, our company is the largest. We bought the stations that belonged to the old Russian-American Company, and have carried on this business similarly to the great Hudson's Bay Company.

Q. All this trading you carry on simply as a private trading company, with no exclusive privilege except in the purchase of the stations from your predecessors, the Russian-American Company?—A. That is all. We succeeded to the good will of the business of the Russian-

American Company. The natives regard this company as their great support.

Q. The success of the trader then depends on the character of the trade, and its popularity with the natives, in this business?—A. Yes, sir.

Q. Do I understand you to say that the capital invested by your company of \$2,000,000, is the entire capital for all this business?—A. Yes, sir.

Q. Not simply the capital you have invested in the seal-skin fur-trade?—A. No, sir.

Q. Who are your stockholders; are they American, Russian, English, or French?—A. They are all American citizens. I can give their names if you desire it.

Q. What is the number of the stockholders?—A. I do not recollect the number. I can give you the names of our present stockholders. They are:

Henry P. Havens, of Connecticut.

Ebenezer Morgan, of Connecticut.

E. A. Williams, of Connecticut.

Samuel Willets, of New York.

Daniel T. Willets, of New York.

John F. Miller, of California.

Lewis Gerstle, of California.

H. M. Hutchinson, of Washington, D. C.

Mark Livingston, of California.

William Kohl, of California.

Louis Sloss, of California.

August Wesserman, of California.

John Parrott, of California.

Tiburcio Parrott, of California.

Simon Greenwald, of California.

Gustave Niebaum, of California, formerly of Alaska.

Widow and heirs of Vincent de Liviaga, of California.

Widow and heirs of R. H. Chapell, of Connecticut.

Those are the stockholders of the Alaska Commercial Company.

Q. Is this stock often transferred?—A. No, sir; there have been very few transfers of stock.

Q. Have you any objection to stating what dividends your company have declared?—A. I have not the figures here; the dividend-book will show that. We lost money the first year. The second year, I think, we came out probably a little ahead. I think the third year we declared ten per cent.

Q. You mean you lost the first year after the lease?—A. Yes, sir, beginning in 1870. We have declared for the year 1875 fifteen per cent., and there will be another dividend in the spring some time, if the sale goes off well in London. We expect a decline, however. The dividends are declared from the profits on all our business, including the seal fisheries, the land business, and then the profits on the Russian fisheries and Russian business. That is owned by the same stockholders, and for convenience in dividing the profits we put it in with all the rest of our business.

Q. As I understand, you carry your raw skins all to London?—A. Yes, sir.

Q. You have no contract that binds you to carry them there for any given length of time?—A. No, sir; we have no contract of that kind. We have an agent in London, Sir Curtis Lampton.

Q. If a good manufactory should be established in America, you could patronize it?—A. We would encourage any American who should attempt it, and have even gone so far as to agree to transport back to America free any skins that may be in London. We have agreed to pay the freight, so as to encourage it. We desire it very much.

Q. Then you carry them to London from necessity rather than choice?—A. Yes, sir. The fur-trade is a peculiar trade. It has been the custom for a great many years—I do not know how many, probably a hundred years—to sell furs at auction in London. English auctions are not conducted as American auctions are. The furs are put in warehouses and all assorted and marked, each lot being marked by numbers, and purchasers are invited to come to the warehouse and examine them. There is a catalogue published of all the furs, seal-skins, or anything else that is for sale, and the purchasers make their marks on the margin of the catalogue, and come to the auction-room on the day of the sale, and the sale is conducted with as much decorum as the House of Representatives, to say the least. And there they make their bids for those furs. That is the manner in which the furs are sold in London, and many other commodities are sold there in the same way. In order to suit the trade we must keep up the same system. We really cannot do anything in this fur business unless the furriers can make money out of it. They make the fashions.

Q. If the furriers would refuse to take your furs you would have no business?—A. We would have no business.

Q. And it would not be profitable?—A. No, sir.

Q. Has there been no attempt to get up a manufactory of furs and skins in America?—A. Yes, sir, there has been one attempt at Albany, a few years ago; and there is a firm in New York, I believe, by the name of Boscowitz, who have endeavored to manufacture these skins, and have met with considerable success. There is also another gentleman who thinks he has discovered a new method of unhairing these skins, and also a new way of coloring. The great difficulty is in unhairing and coloring.

Q. As I understand, the hair of these animals grows deeper into the skin than the fur?—A. Yes, sir.

Q. They formerly took these hairs out one by one.—A. I suppose they did a good while ago.

Q. But they have discovered a system now by which they take the raw hide and put it upon an oval block and have a means by which they thin down from the inside until they cut the roots of the hair and they come out.—A. Yes, sir; to some extent they do. But then after the skins are pared down in that manner to just the requisite depth on the flesh side, they put them into a warm room, heated by furnaces, and heat them up to a certain heat. They take them out of that and put them on a bench with a gurrying-knife, which is a dull knife something like tanners use in taking the hair off of a hide. They rub this gurrying-knife over the hairs and it draws them out. The little sack of fat that surrounds the hair is melted by this heat and softens and loosens the hair, but you have to be careful not to heat it too much or it will loosen the fur. It is a very intricate and delicate work.

Q. Do you pay any duty for the entry of your skins into Great Britain?—A. No, sir; they are entered duty free.

Q. You are encouraged to that extent, by the British government, to transport your raw hides to that country?—A. Yes, sir; and we have the same law in the United States, of course. All our furs are free of duty.

Q. What other parts of the world chiefly supply seal-furs besides these islands?

The WITNESS. Besides Saint Paul and Saint George?

Mr. HILL. Yes, sir.

A. The chief supply is from Copper and Behring Islands and Robbin Island. We have a lease on those three islands from the Russian government.

Q. What amount of skins do you take from those islands?—A. Last year, thirty-six thousand; the year before, thirty-two thousand. It averages from thirty thousand to thirty-six thousand per annum.

Q. Have you information as to the extent of furs taken from the Falkland and Shetland Islands, the South Sea, and other regions?—A. Yes, sir; we have information every year that comes to us. The number is very small now. They are almost exterminated by indiscriminate slaughter, those rookeries in the South Seas being under no governmental protection. There is only one place where the same system, which I call the Russian system, prevails, and that is at the Lobos Islands, off the coast of Buenos Ayres, I think, off from the mouth of the La Plata. There used to be some at Galapagos, but they have been exterminated by indiscriminate slaughter.

Q. Was not the supply of seals at those islands in the Southern Ocean at one time much larger than at present?—A. They were as numerous, perhaps, as they are on Saint Paul and Saint George. It has been so represented.

Q. How do you account for their decrease there?—A. By indiscriminate slaughter and vessels going there and taking seals, just as they pleased, without any restrictions.

Q. The female seal has fur as well as the male?—A. Yes, sir. The female bears but one pup a year.

Q. Of course if the females are slaughtered for furs it lessens the breed.—A. It lessens the supply; they are polygamous in their habits; they are all Mormons. What we call the bull seal forms a harem on the shore and gets as many females about him as he can, and keeps all others away, so that one male may serve twenty or thirty females. It does not affect the breeding by killing the males unless it be favorably.

Q. The provision of the law which requires that only bachelors, as you call them, shall be killed, is a wise provision you think?—A. I do.

Q. Essential to the preservation of the trade itself?—A. I do.

Q. This system, you think, was derived from the Russians?—A. They seem to have invented the system.

Q. And it has only been where that system has been adopted that the supply of seals is kept up?—A. Those are the only places in the world.

Q. Do you not think that opening up this seal and fur trade to everybody would utterly destroy the trade?—A. There is no doubt of it.

Q. It would have the effect of glutting the market for a time, and afterward there would be no business.—A. That is true. They would all go away that were not killed, and would not come back. Bishop Veniaminov states that the Russians, by mismanagement, have driven them off from those islands once. They were gone for some years and came back again; but the great body of them were gone many years; it took them a long time to get the rookeries back.

Q. I have heard it said that one reason that the Russian government reserved these islands you now have control of up in the northern part of Behring's Sea, is that they expect the mismanagement of the Americans to drive the seals off from the two islands, and they would go to those islands.—A. I have been told that by Russian gentlemen.

Q. Is that not reasonable?—A. It is reasonable.

Q. Would not the indiscriminate visiting of others have a tendency to drive away the seals?—A. From my experience among them, I think it would. If there were many vessels anchored about there, or much confusion going on—plying of boats and loud noises upon the islands—it would have a tendency to drive the seals away. The more quiet the islands are kept during the time the seals are there the better. We take every precaution; we do not even allow a dog on the island.

Q. You think you have a sufficient motive in controlling these islands and executing your contract with the Government in good faith, to keep up the supply of seals, and not “kill the goose that lays the golden egg,” in plain words?—A. We think so.

Q. And you think, therefore, you would have a right to your contract, not for the purpose of preventing others from trading with the natives, but for the purpose of enabling you to execute your contract with the Government—to keep away intruders who are in no way connected with your business, and who would destroy it; and you think it is the duty of the Government to protect you?—A. We do; that is our position exactly.

Q. Your objection to their coming there, then, is not to interfere with the right of anybody to trade, but simply to prevent a business which would destroy your business?—A. That is it.

Q. The great business of those islands is the seal-fur business?—A. That is the only business there.

Q. And anything else subordinate to that ought not to be encouraged, because it would destroy the main business?—A. That is our position.

Q. Is there any place now in the known world where as many seal-skins can be taken, or where the trade is as large as it is on those islands?—A. There is no place where you can take half so many skins. There is no island where you can take more than one-third as many as on Saint Paul's Island. It is the best seal-rookery in the world.

Q. Others have been as good in former days, but have been destroyed by indiscriminate slaughter?—A. Yes, sir; others have been better, if anything, because in the Shetland Islands the skins seem to be a better sort, and sell at higher prices in the market, and always have sold at higher prices.

Q. In leasing these islands would it not be a material consideration for the Government that it should put its lease in such form as would preserve this business, and intrust it to those acquainted with it, and having an interest in its preservation?—A. Most decidedly.

Q. You think if the Government were to lease those islands to persons who had liberty to take as many as they pleased, while the Government might get larger revenues for a few years, it would destroy the business ultimately?—A. It would ultimately destroy it, unless the persons having the lease as we have it had a conservative interest in preserving the seals; and then their own interest would dictate to them to manage the business for the preservation of the seals; but if you allowed people to go there under any other system and make trading ventures there, of course they would sacrifice a great interest in the future for a present advantage.

Q. I have been told and have read in books that extraordinary sounds such as the noise of gun-shots, and the smell of the carcasses of the slain seals and the blood of them, tend to frighten these creatures away; is that so?—A. There is no question as to the truth of that. Anybody who knows anything of these creatures knows that.

Q. That is another reason why indiscriminate visiting to the island

should be prohibited?—A. Certainly; as I said before, the fewer people you have about there, and the less noise that is made, the better. We do not allow a gun fired, and we do not allow a dog on the island. We do not want any barking of dogs; and the natives and everybody keep quiet, and are careful about building fires so as not to have the smoke drive over them. They are very sensitive to smell; their sense of smell is very keen; in fact they are very peculiar animals, and require careful management. If the committee will call some gentlemen who have been there for many years and make inquiries, you will find that they will be able to explain that better than I can.

Q. You are allowed, by the contract, to take 100,000 skins per annum?—A. Yes, sir.

Q. That is the limit on those islands; the object of that limit is to prevent indiscriminate slaughter?—A. Yes, sir.

Q. You are forbidden to kill the females for the purpose of taking skins?—A. Yes, sir.

Q. I want to know something of the operation of this law, to see whether it is efficient and wise, or whether its provisions can be enlarged. Your company has been acting under this law for about five years?—A. Yes, sir.

Q. How does the number of seals visiting that island now compare with the number five years ago?—A. Our agents report that there is a very considerable increase of females. We cannot tell that there is much difference in the number of males; it seems to me that they ought to increase.

Q. As long as the females are abundant, you will get bachelors enough?—A. Certainly.

Q. Do you think this number could be much enlarged?—A. I do not think it could with safety. We think we had better go on a while, to be safe at the present number without increasing it.

Q. If experience hereafter shows that the number can be increased, it can be done?—A. Yes, sir.

Q. And if it shows that, it should be decreased?—A. They can be decreased.

Q. You think, then, one great important feature of this business is, so to conduct it as to keep a watch upon the supply?—A. There is no question about that; it wants careful and constant watching by intelligent men, men acquainted with the habits of the fur-seal, and with the fisheries, and who have had experience.

Q. Did I understand you to say the number of natives to be three hundred and forty persons?—A. That is on both islands—three hundred and forty-eight persons on both islands—men, women, and children.

Q. You have not a great supply of operatives, then?—A. No, sir; we have just about enough.

Q. There are not enough to justify anybody going there for the purpose of trade?—A. No, sir.

Q. These people are very simple in their habits, I suppose?—A. Very simple. It would be cheaper for us to take no supplies whatever there, and pay these people in gold coin. We would rather do so. It would be cheaper than at the prices at which we furnished them with supplies. Of course, if we sold goods at a profit to those people there would be a great outcry made against us, and we do not choose to do it.

Q. Do these people seem to improve any?—A. I am informed that they have improved greatly.

- Q. Do they seem to be satisfied with the treatment of the company?
—A. I am informed by our agents that they are more than satisfied.
- Q. Is it not the interest of the company to keep their laborers satisfied?
—A. I think so; we have acted upon that policy.
- Q. It is not your interest to endanger their lives or to increase their tortures or sufferings or privations, and thereby lessen their numbers?
—A. It is our interest to elevate them. They become better laborers to have them well fed and clothed, and treated kindly. They will do the work we want done at the right time, and in the right manner.
- Q. And men generally follow that line which is their interest?
—A. Certainly. In regard to violating the terms of this contract or of the law, having had the management of this business, I should think if I were to permit this law to be violated and this contract to be violated in any of its material parts, I ought to be sent to an insane asylum. In the first place we have given a bond in the sum of \$500,000, which we have signed, and it is as good a bond as was ever given, with men of ample security, who are worth millions. That bond is forfeited for violation of contract. We forfeit the lease for violation of the contract, and all the skins which we have on hand at the time. There is, therefore, every consideration of interest for us to faithfully perform every consideration of this contract.
- Q. And your success in executing the contract, the profits that you derive from it, requires you to treat your employés kindly, and keep them satisfied?
—A. That is true. If we did not treat them kindly they would become dissatisfied and morose, and we could not do anything with them. We would be obliged to ask the privilege of taking other people upon the islands. We treat them with the utmost kindness, and they regard the company as their best friends, as we certainly are.
- Q. When they get old and unable to work, what do you do with them?
—A. We support them; we are supporting now several families.
- Q. They are dependent on you for their living, are they not?
—A. Yes, sir.
- Q. Do the islands produce any food?
—A. No, sir; those islands are barren rocks in the ocean.
- Q. Their bread and clothing supplies come from you?
—A. Yes, sir.
- Q. The wages you give them, in various forms, support the female as well as the male, the old as well as the young?
—A. Yes, sir; they live in families. For us to inaugurate a system of cruelty upon these people or unfair dealing, would be such petty meanness, and so suicidal to our own interests, that it would amaze anybody to see such foolishness. Whatever may be said about us, we certainly cannot be accused of being fools. We have, I hope, sense enough to know better than to pursue any such policy as that.
- By Mr. BURCHARD:
- Q. This lease, I see, covers only the business of killing these seals; are those islands a government reservation still?
—A. Yes, sir; I think there is an act of Congress declaring them a public reservation, which was passed directly after the cession of Alaska.
- Q. I see the joint resolution of March 3, 1869, declares it to be "unlawful for any person to land or remain on either of said islands, except by the authority of the Secretary of the Treasury; and any person found on either of said islands, contrary to the provisions of this resolution, shall be summarily removed. It shall be the duty of the Secretary of War to carry this resolution into effect." Do you understand that that is not changed?
—A. Only so far as modified by the act of July 1, 1870.

Q. That only applies to the right to lease it, does it not?—A. That gives us the right to occupy the islands.

Q. As far as anybody else is concerned, that provision is still in force, is it?—A. I think it is.

Q. Have you the possession of those islands the same as a person having a lease of property?—A. We think we have a possession of the same character, though the act is a little ambiguous, as you may have observed. In some places it speaks of the lessees of the islands; for instance, in that section which requires the Secretary to lease the right to take fur-seals upon the islands; but the right of occupancy is necessary to the business of taking fur-seals. There has never been any occasion for the construction of that act. We have never been interfered with except last summer; when some parties took some seals on a little rock called Otter Island, about six miles from Saint Paul; and that question is before the courts now.

Q. Is there a Government agent or officer upon the islands?—A. There are four Government agents on the islands; two on each island, appointed by the Secretary of the Treasury, to reside there; and they are instructed to see that the conditions of this act and lease are complied with. They count the skins, too, when they leave the islands.

Q. Do you hold that it would be an invasion of your right of possession for any other person to come and live upon those islands, to settle there, or engage in business other than this business of killing seals?—A. I do not know that it would, unless he interfered with us in the performance of our contract.

Q. The question that I desire to raise is, whether it would be an infringement of your rights; or a question between them and the Secretary of the Treasury or the Secretary of War.—A. I think the Secretary of the Treasury would have the right to remove them if he saw proper. It is a Government reservation; I do not think anybody can settle on a Government reservation.

Q. You think that by a permission from the Department having charge of the Government reservations, a person could be permitted to go there, and trade in opposition to you?—A. That is a legal question which I cannot answer. We have had no occasion to consider that question.

Q. I notice that the bid of C. M. Lockwood is for an annual rental of the sum of \$127,000, while that of another party, S. Clinton Hastings, is \$163,000. Now as the act fixes a revenue duty of \$2 a skin, why was not that a better bid than that made by Goldstone, or yourselves, or than is provided in the lease?—A. In the first place Hastings withdrew his bid, and would not stand by it. The fact is, I think the most of those were straw-bids, and they were withdrawn.

Q. Some of them were not?—A. It looked to me at the time as though some parties, who were making proposals, did so for the purpose of being bought off. They had no intention of taking the contract; they were parties who knew nothing at all about it, and just made these bids at random. When the Secretary of the Treasury came to investigate to see who these people were, he found they were not proper parties to take charge of so vast an interest of the Government as this. That is what I understood at the time.

Q. Number 6 (Barnett's) was a competing bid for \$156,000?—A. They do not agree there to pay the tax at all. As you see they evade that question. Whether those bids were to be considered as that they were willing to pay \$156,000 a year for this thing or not, we do not know. We do not know what they meant exactly; they did not say, and their

bids might be considered void for uncertainty. But, as I understood it at the time, these persons were found to be mere men of straw, having no responsibility, no knowledge of the business; mere adventurers who saw these advertisements, and made these proposals to see what they could make out of it. The Secretary of the Treasury had the discretion to decide who were proper and responsible parties. The fact about it is, that I do not think anybody but the Alaska Commercial Company bid with full knowledge of what they were doing, and with full responsibility. Goldstone's bid was withdrawn, if you will notice. He bid for the Russian American Commercial Company as a part of the combination with him, and they instructed him to withdraw their name, which he did, as you will see by that pamphlet. Then there was nobody left but Fischel & Co. and Taylor and Bendel. Fischel & Company kept a little clothing-store on the corner of Battery and Sacramento streets in San Francisco; Taylor and Bendel were grocers.

Q. The reason for asking these questions is that these appear to me, on their face, to be better bids—these bids for \$156,000 and \$163,000; they appear to me to be more than your bid. Perhaps the other articles that you were to furnish, the provisions, coal, &c., amount to much more than that sum; I have not figured it up.—A. Perhaps hardly. I think the reason why they were rejected was, perhaps, because they were not responsible parties within the judgment of the Secretary. I have never had any conversation with him about these people; I only know as I heard it at the time, from other people; I never talked with the Secretary about these people, that I recollect of.

Q. I understand that you have the lease of the Russian islands at a lower rate than you pay the American Government?—A. Yes, sir.

Q. Is it not for your interest, then, to diminish the number that you take on the American islands, and increase the number that you can take on the Russian islands?—A. Well, if we had the power to drive them over from Saint Paul to Copper and Behring's Islands, and keep them there until we could kill them, perhaps we could make something by it; but it would be rather a dangerous experiment. I do not think it would be to our interest to undertake to change the relation of things as they now stand. The conditions of Saint Paul Island are the best for the fur-seals; they are the best rookeries in the world, perhaps, for fur-seals. There is almost perpetual fog there; the seals cannot bear much sunshine; and the formation of the beaches and rocks is favorable. In fact the whole situation is favorable, and that is the reason why they have congregated there in such great numbers, undoubtedly. The conditions of Copper and Behring's Islands are not so favorable, on Copper Island particularly. On one of those islands it is much harder sealing; they have to be driven over a hill to get them back far enough so that the smell of their carcasses will not frighten away the seals. Saint Paul Island is a much better place for sealing, and I would rather pay the extra tax and seal on Saint Paul.

Q. Are they equally accessible to ships?—A. There is not much difference in that respect; there is no harbor at either place. We are obliged to be ready to run off at any time when the wind blows. Sometimes the wind blows at the rate of eighty to one hundred miles an hour. It is a tempestuous and dangerous sea. Everything must be carried to and from the ships in skin boats. The common wooden lighter cannot be used on that coast. Copper and Behring's Island are also similarly situated in that respect.

Q. Does this risk increase to any extent the cost of your business?—A. O, yes, indeed; if we could have a wharf there and a good harbor,

the rates of insurance would probably be less than one-half, or perhaps one-third, of what they are.

Q. Can you insure your vessels?—A. In the summer time; but we cannot approach the islands except in the summer time.

Q. How many vessels do you send to each of those points, the American seal islands and the Russian?—A. We have two vessels engaged in the Russian business; one is a steamer. We have recently built a new and much larger steamer of about 1,000 tons, for the Saint Paul and Saint George business. We expect to do it all with that one vessel. It is much better to use steam, because the vessel can run off from the island quickly when a storm comes up. We have been as long as three weeks making a landing at Saint Paul from a sailing-vessel.

Q. You are not required by the terms of your lease to kill 100,000 seals?—A. No, sir; we are not required to do it.

Q. Can the Secretary require you, or is it at your option?—A. It is at our option to kill less if we choose.

Q. Then if you could increase the number on the Russian islands to supply the market, it would be to your interest to take all the seals from those islands?—A. We pay a less tax; but, as I said before, we would rather seal on Saint Paul's Island. But there is no likelihood of any such thing happening. They maintain just about the natural increase very regularly; they do not seem to migrate.

Q. I see that it is the theory of some writers that they are driven from the American islands to the Russian?—A. They no doubt were at one time. Some of them went over there, and where the others went we do not know, because they do increase on the Russian islands; so history shows.

Q. How long have you had the lease of the Russian islands?—A. We got it in 1871.

Q. Since you have had that lease the number has been increasing on the American islands?—A. O, yes.

Q. You are not driving them away?—A. No, sir; we are taking every precaution to not drive them away.

Q. Do you think that a repeal of the law and opening those islands to indiscriminate catching would drive the seals over there?—A. I think a great many of them would go over there, and they would get the benefit of it if the Government should break this thing up.

By Mr. JEFFRIES, of counsel for the Alaska Commercial Company:

Q. Please give a general statement to the committee of the amount of business done, the number of your employés, &c.—A. I have done that to some extent. I can say, further, that the company is doing a very large fur business, probably as large as any other company in the world now. We have kept ten vessels employed in all our business—both the land and seal business. Those vessels are fitted out at San Francisco, and all the supplies are purchased in the United States. The furs are all brought into the United States; and by the enterprise and energy of this company, a very large trade now comes into the United States, which formerly did not. For example, we supply the whole region of country with which we trade with flour, meats, articles of clothing, calicoes, cotton goods, ticking, and staple goods generally. The only thing that is imported, I believe, is tea. They use a great deal of tea and tobacco. The supplies are generally of American production.

By Mr. HILL:

Q. About how many employés have you altogether?—A. Perhaps

there are 300. I cannot state the exact number. We freight across the continent by railroad; we send our furs across to New York, and thence they are shipped to London. The trade is enormous. We load five or six trains of twenty cars each during the year. We pay, probably, from \$70,000 to \$80,000 freight across the continent; perhaps it is even more than that. I do not know exactly. At any rate, it is a large business, and has been built up by this company

Q. Would it not be very profitable for the company to organize a manufactory in San Francisco?—A. The difficulty about that is that nobody there has the art of coloring perfected yet. The house of Smith & Co., in London, color nine-tenths of all the seal-skins. They could be unhaired in this country as well as in London, but the difficulty is the coloring. Unless the color is fast and good the article is worthless.

Q. Are there any Indians included among the persons with whom you trade?—A. O, yes; Alaska is full of Indians; there are very few white there.

Q. What is the conduct of those Indians? Are they generally satisfied?—A. Yes, sir.

Q. Have you had any wars with them?—A. We have had no difficulty in that part of Alaska where we carry on our trade. We have no stations east or south of Cook's Inlet or at Sitka. The difficulties with the Indians have occurred at places where the military are stationed, and nowhere else, to my knowledge. We never have had any trouble with the Indians, and never will have. I am satisfied of that. The great point is to keep whisky out of the country. The Indians will do anything for whisky, and when they are drunk there is no telling what they will do. In regard to General Howard's report I will say this: that the general was not within 500 miles of a single station of this company. He was not within 1,500 miles of the seal-islands in his recent visit to Alaska. Of his own knowledge he could have known nothing about this company or its operations. He went to Sitka and talked with the people there. We have no station there, or business at all.

Q. He did not get his information, then, from the portion of the people, Indians, whites, or others, with whom you deal?—A. Not at all.

Q. Is it not a fact that your company is popular in all the vast region in which you do business, and is it not natural that any attempt to exclude others who might want to get that trade would make them your enemies, and that they would not be likely to report favorably to you?—A. That is true. We probably pay more for furs than other people want to pay, and we furnish a better kind of supplies. In other words, we deal better with those people than any one else, and in that way we keep the trade.

Q. You satisfy them in such a manner as to keep the trade?—A. We keep the trade as far as we can; still there are a great many people trading there who get many furs. We have competition at all our principal stations in Alaska, and the prices have actually been run up to ruinous figures in the last year or two.

Q. What is the cost of a skin delivered in London?—A. The whole expense, tax, commissions, freights, insurance, &c., as nearly as I can come at it, is between \$6 and \$6.50, to put a skin into the London market.

Q. Has there not been an advance of late years in the price of skins? If so, state the cause.—A. Yes; there has been a great advance, owing to several causes; principally, I think, to the management of this company. In the first place, the system under which these fisheries are operated insures to the market a certain number of skins every year,

so the furriers can calculate on the amount of raw material which will be put upon the market. That enables them to calculate with certainty what their business will be, and the demand that they must find for the article. The furriers will have the power to create and direct fashion; they will make an article of fur fashionable out of which they can make money; and a fur from which they can make no money they will make unfashionable, if possible. They have their own ways of doing these things. The certainty and regularity with which the supply of material goes forward has had a tendency to stimulate the trade. Then we have managed to re-organize the manufactories of these furs in Great Britain. About the time of the cession of Alaska to the United States, and prior to the execution of this lease, a large surplus of seal-skins had accumulated in London. Manufacturers had a certain number of men who took the hair from the skin, called unhairers. Being skilled people, they formed a trade-union, and would not allow apprentices to be taken; and having the whole control of the business, they did the work badly, and injured the article, and injured the popularity of the seal-skins. Furriers who took their skins to the manufacturers had many of them returned spoiled, and they suffered great loss, and began to get tired of the article. Our agent in London took hold of this business; got control of a manufactory at large expense, and took in apprentices, whereupon the old league of unhairers struck and left the factory; but he kept enough skilled men to teach the first twenty or thirty apprentices, then took in twenty more apprentices, who, in turn, were taught, and kept up that system until finally there are enough skilled unhairers to do the work and do it well. The furrier now has a reasonable certainty of having the work done well, and he takes his furs to the factory, and they are returned to him well manufactured. He now suffers no great loss. He can afford to pay higher prices for the skins. If he sends 1,000 skins to the manufacturer, and 400 of them are returned to him first class, 300 second class, and the remainder third class, or spoiled, of course it brings up the selling-prices of the 300 or 400 to a very high figure, in order to get his money back. If, however, he has nearly all of the 1,000 returned to him well manufactured, then he has a greater number of first-class skins to put upon the market, and he makes a greater profit, and can therefore afford to pay more for the raw material. In this way, by careful management and the expenditure of considerable money, we have been enabled to put up the price of seal-skins.

Q. I will ask you whether the company had notice of Mr. Moore being sent as an expert by the Secretary of the Treasury to examine its books?—A. No, sir, we had no notice; he was in the city some time before we knew of his arrival, or the object of his visit. He came into the office one day, showed his authority to make an investigation, demanded to see the books, and they were opened to him just as they were. He came in and examined everything thoroughly and to his satisfaction.

Q. Who is your agent in London?—A. C. M. Lampson & Co.; the head of the house is Sir Curtis Lampson, an English baronet.

By Mr. BURCHARD:

Q. Have you read Mr. Elliott's statement, published in Ex. Doc. No. 83, 44th Congress, 1st session, in regard to the manner of counting the skins?—A. Yes, sir.

Q. Is that substantially correct?—A. That is substantially correct.

Q. They are counted by the natives, by the agent of the company, by the agent of the Government there, and again at San Francisco; four

times?—A. Yes, sir. In the first place they are counted by the natives, who are paid by the skin. Of course it is important to them to have an accurate count. They are put into the salt-house, and when taken out and put on the lighter the Government agent counts them. When they go aboard the ship, the mate of the ship counts them, because the captain must give his bill of lading. We do the business just as though he was a stranger. Then the Government agent's count is certified by him and sent to the custom-house at San Francisco. On the arrival of the ship there the custom-house officer takes possession of the ship, and it is discharged under the supervision of the custom-house inspector. He counts the skins as they are taken out of the ship. They are then taken to our packing-establishment, where they are again counted by one of our clerks. They are again counted into the casks, and the number of skins in each cask is marked on the cask; the cask is weighed, and the number of pounds also marked on the cask. They are then taken down to the railroad-depot and delivered to them. On arriving in London, and being unpacked, they are counted again, put into lots of sixty or seventy skins each, numbered, catalogued, and sold. And when the purchaser takes them, they are counted again. I think they are counted enough.

Q. Are those theoretical or actual counts?—A. Actual counts. They are put up in bundles of two skins each, flesh sides together, rolled up and tied with twine.

Q. Then you do not think it is possible for your company to be cheated nor to cheat the Government through the count?—A. It is perfectly impossible. It would be madness for us to attempt any such thing.

Q. Mr. Moore, I think, reports a discrepancy.—A. In five years he makes a difference of five hundred skins between the Government count at San Francisco, upon which we paid tax, and the count of Lampson & Co., as shown by their returns to us; a discrepancy of five hundred skins in nearly five hundred thousand. The discrepancy is very slight. If we had been cheating, we would have had the counts correspond exactly.

Q. Is there any explanation of that difference?—A. It occurs in this way: No two persons can count twenty thousand skins and have their counts agree. We have tried it repeatedly. It is such a vast number that the different counts never tally. That is evidence to my mind of the honesty of the transaction. If the counts corresponded exactly it would be cause of suspicion.

Q. Can you state positively that this did not occur through any intention on the part of the company to evade the payment of the taxes or defraud the Government?—A. We had no such intention. I state that positively. It is a question for the Secretary of the Treasury to determine whether he will take the Government count at San Francisco or Lampson's count. We do not care which he takes. If he wants the tax on those five hundred skins, we will pay it.

WASHINGTON, *March 1, 1876.*

GEORGE S. BOUTWELL sworn and examined.

By Mr. WOOD.

Question. Were you Secretary of the Treasury in 1870-'71?—Answer. Yes, sir.

Q. Do you remember having made a contract under the act of 1870

with reference to the leasing of the Alaska seal-fisheries?—A. It was made, and, I think, signed by Mr. Richardson, as Acting Secretary, but the contract was made in my time and with my knowledge.

Q. Please state to the committee any information you may have with reference to the making of the contract and the attending circumstances?—A. I do not know that there is much to be added to what is contained in the documents. I have not consulted them of late, but I recollect sending either to the House or to the Senate a list of the bids, or the bids themselves, with the correspondence with the Attorneys-General, Mr. Hoar first and Mr. Akerman afterward, in regard to it. This (Forty-first Congress, third session, Ex. Doc. No. 108) is the document that I refer to. The contract itself was made by my direction, after such investigation as we thought it necessary to make upon the point whether the bid in behalf of what is called the Alaska Fur-Seal Company was entitled to preference as against other bids that were made, which upon their face were more favorable to the Government than the specific bid made by the Alaska Company. My recollection, however, is, (but that the record will show,) that in their bid, after stating specifically what they would give, they also made a general proposition to pay as much as any other company, and then the question was raised whether they were entitled to a preference over other companies; that is, whether they could come in and make their bid as good as the best bid and have the contract as against the best bidder. That question was submitted to the Attorney-General. My directions to Judge Richardson, after we decided under the opinion of the Attorney-General, to give them the lease, were to require of them a contract as favorable to the Government as the best bid that was made.

Q. Your letter to the Attorney-General of July 2, 1870, propounds two questions to him: First, whether the act designated the Alaska Commercial Company, so as to give them a preference or precedence; and, secondly, whether it was your duty to give public notice of the passage of the bill and invite proposals. The Attorney-General's reply is of date July 6, 1870, in which he leaves it very much discretionary with yourself as to the invitation for public bids, intimating that he did not consider that the Alaska Commercial Company was entitled to any such preference, only so far as you might judge them to have peculiar facilities for the performance of the contract. That is substantially the reply. Now your advertisement, dated July 8, states that you will receive bids until the 20th of July, a period of twelve days. Did you consider that sufficient time for parties on the Pacific coast to receive notice, to make their proposals, and for the Department to receive their bids in return?—A. I have no doubt we did. There was, however, this consideration, the season for taking seal was passing away, and it is possible that we might have made the time as brief as we could with reference to that fact. I supposed twelve days was a sufficient time with the use of the telegraph to allow parties on the Pacific coast to receive notice.

Q. July is one of the sealing months, I believe?—A. It is.

Q. And there are but four months, according to evidence that we have already received, in which they take seals, so that you thought it was necessary to be quick in order to enable anybody who might receive the contract to avail himself of the season. Do I understand that to be your testimony?—A. I think we had the impression that it was necessary to go forward with the bids as rapidly as was proper under the circumstances.

Q. And you did consider that twelve days between July 8 and July

20 would be sufficient time?—A. Yes, sir; and I should so consider it now.

Mr. JEFFREY. If the committee will permit I will suggest that the language of the statute required the Secretary to do it "immediately;" probably that was one of the considerations by which he was influenced.

By Mr. WOOD:

Q. You felt compelled to act hastily under the law?—A. Not hastily. I think we felt compelled, under the law, to proceed, without any unnecessary delay, and we thought that, by the use of the telegraph, twelve days was sufficient time for parties on the Pacific coast to receive notice and forward their bids by mail or instruct others here to bid for them. As a matter of fact, parties from the Pacific coast did bid. I think the bidders were mostly from San Francisco. In reference to one remark which you have made, Mr. Chairman, I will say that I think the language of the opinion of the Attorney-General is a little more explicit than as you state it. The Attorney-General says: "It is claimed on the part of the Alaska Commercial Company that 'due regard' to them as 'parties heretofore engaged in the trade' cannot be had unless they receive the lease, but it seems to me evident that this is only one of the conditions of the problem. I think that you would have 'due regard' to their interests if you would give them the preference as far as is consistent with the other interests for which you are directed to provide. If the terms which the company offer are as favorable to the Government, to the inhabitants, and to the protection of the seal-fisheries as those which can be obtained in any other quarter, or nearly so, then, under the provisions of the act, they would be entitled to a preference."

Q. I understood your last reply to be that there were proposals put in from California under your advertisement?—A. From California parties. I think Mr. Goldstone was one who represented a California house.

Q. The next proceeding, according to this document, appears to be that, upon the 20th of July, there was issued from the Office of the Secretary a memorandum in reference to the bids in which there were certain conditions stated for the first time, as I understand. The conditions were, first, that the successful bidder will be required to make a deposit; second, that before the bids are open, the contract be awarded to the said company (the Alaska Commercial Company) if their proposals shall be no more than 10 per cent. below the highest bidder; and, third, that no bid will be accepted unless by a responsible party acquainted with the business, or skilled in kindred pursuits to such an extent as to render it probable that the contract will be so executed as to secure the results contemplated by the law. Was there any previous announcement in any way of those conditions under which the award was to be made?—A. As far as I am aware there was not. I have no recollection that there was.

Q. Were there any of the bidders who had any intimation from the Treasury Department, so far as you know and believe, that those requirements would be announced on that day?—A. I have no knowledge that they had. The circumstances have rather passed out of my mind. In looking at the memorandum, I can say what I suppose were the reasons, but my recollection as to what I had in my mind at the time is not very distinct.

Q. Do you not think that the announcement of these conditions made before the opening of the bids operated as a surprise upon the bidders?—A. I have no recollection about that. The first and third conditions,

I think, were implied necessarily in the act, and the second was naturally deducible from the opinion of the Attorney-General that the Alaska Commercial Company was to receive the lease, if its bid was as good or nearly so.

Q. You proceeded, then, upon the assumption that, under the opinion of the Attorney-General, the company had the preference, and that you should award the contracts to them without reference to whatever the bids might be, giving them an opportunity to make their bid equal to the best bid that might be offered?—A. Yes, sir; I think that was the view we took of the opinion of the Attorney-General, that if they made their bid as good as the best, they were entitled to the lease; and, indeed, their original bid, as I recollect it, was in that form—that they would make their bid as good as the best bid.

Q. Did not that substantially and in effect exclude any competition?—A. That is a matter of inference.

Q. Therefore the inviting of public proposals was in fact simply giving the Government an opportunity to see what the very best terms were that could be obtained, but without any power, under your construction of your duty, to award the contract to anybody else, provided the Alaska Commercial Company would accede to the terms that any more favorable bidder might offer?—A. That was the effect of it, no doubt; and perhaps, if we had previously announced these conditions which were in the memorandum, it might have prevented the Government from ascertaining the best terms we could get. I think the first and third conditions were absolutely required by the act; and the second, as I have said, would result from the Attorney-General's opinion. Whether the preference should have been to the amount of 5 or 10 per cent. was a matter of discretion.

Q. Then, as I understand, you, as Secretary of the Treasury, from your own view of the law and from the opinion of the Attorney-General, felt from the start as if this company had certain rights under the law, which entitled them to the contract?—A. That, perhaps, is not stating it exactly as I have stated it. The opinion of the Attorney-General was given as you see on the 6th of July. Up to that time I knew that the company made the claim, but I had never recognized that claim, even to myself, as I did not feel sure that their claim was well founded upon the statute; it was a debatable question, I thought, upon the statute. The statute was a very peculiar one, and it was submitted to the Attorney-General, and when he gave an opinion upon that, a point on which I was not clear myself, I felt that it was my duty to be guided by his opinion, and in making a contract I endeavored to follow it.

Q. According to this document the only party who had contended against the award made subsequently to the Alaska Commercial Company was Mr. Goldstone. He appears to have made his bid as the representative of three parties in California—Fischel & Co., the American-Russian Commercial Company, and Taylor and Bendel. It appears that subsequently the American-Russian Commercial Company, before the bids were opened, withdrew from being a party to the bid, and that Mr. Goldstone communicated to the Department official knowledge of that fact. In a letter dated July 22, addressed to the Secretary, he says, "Sir, I am directed by the Russian-American Company to withdraw the name of said company from my bid for the lease of the right to take fur-seals on the islands of Saint Paul and Saint George, Alaska, submitted on the 20th instant, and I therefore hereby withdraw said company from said bid."

Q. What was your opinion as to the effect upon the bid of that with-

drawal?—A. I think the record shows that that question was submitted to the Attorney-General. If you ask me what I think the effect of it was, I can give you an opinion. I think the legal technical effect of the withdrawal was to invalidate the bid. That is merely my own opinion, however.

Mr. HILL. The Attorney-General disagreed with you, I believe?

The WITNESS. I believe he did.

By Mr. WOOD:

Q. That withdrawal practically and virtually left the Alaska Commercial Company as the only *bona-fide* bidder then?—A. I think we treated the bid of Mr. Goldstone as a good bid. When I gave you my opinion as to the legal effect of the withdrawal of this party, I was not stating the action of the Department. I think we treated the bid of Goldstone, under the opinion of the Attorney-General, as a valid bid, and upon general principles we should have done so. I think the record shows that that was our action. At any rate we designed to have it so.

Q. The contract was finally made on the 3d of August, 1870, and it appears to have been signed and executed by William A. Richardson, Acting Secretary. Please state why you did not execute the contract on behalf of the Government yourself?—A. It was because I had occasion to go away. I went to my home in Massachusetts, I think. It was about the time of year when I usually take a short vacation—the hot season. That is my recollection of it. But the contract itself was made by my direction and upon my official responsibility. I knew about what was to be done, and gave directions to Judge Richardson to require as good terms of this company as the best bid he had, and my recollection is that upon examining the contract, and the bid, when I returned, I came to the conclusion that he had done so.

Q. Do you remember at what time that summer you left Washington?—A. No, sir, I do not. The records of the Department will show when I went away.

Q. I observe that as early as the 30th of July Mr. Richardson was Acting Secretary; please state whether you were absent at that time.—A. I can only say that I was either absent or unable to attend to my duties from illness, which I presume was not the case, for I do not recollect being ill, so I was probably absent; otherwise Mr. Richardson would not have signed as Acting Secretary. There was occasionally a day when I was in the city, but obliged to attend to other matters. Occasionally there would be a Cabinet meeting, or I would have some matter which required my constant attention, and the Assistant Secretary would act as Secretary that day. We had to make whole days; that is, if the Secretary could not be present to sign warrants and letters all day, the course was for him to give up the day entirely. There was occasionally such a day as that when I was in the city, but when it was not practicable for me to do all the work that was incumbent upon me to do, and then the work required in the Office, such as signing warrants and other such duties, would be performed by the Acting Secretary; and, in order that there should be no confusion, a Secretary and an Acting Secretary appearing as acting on the same day, the Acting Secretary would take the office for the whole day. There were three or four such occasions in my experience.

Q. Then, as I understand you, you may have been in Washington, and yet the assistant have acted as Secretary?—A. No, sir; when the contract was signed I was away from Washington. I recollect that because

I recollect giving instructions to Judge Richardson as to the mode in which the contract should be prepared.

Q. Please look on page 19, at the statement by Judge Richardson, under date July 30, and see whether you recollect that you were or were not in Washington at that time.—A. I presume I was not. I prefer to look at the record. It may have been that if I was going away I might have taken a day to make preparations. But, then, I take the responsibility of the contract, and of the proceedings relating to it, as far as I know. My directions to Judge Richardson were to make a contract as favorable to the Government as the best bid, and I recollect, on my return, examining it and coming to the conclusion that he had done so; and within the scope of that statement I take the responsibility of the contract.

Q. He was acting under your direction in both of these cases?—A. Yes, sir.

Q. You take the responsibility for his acts as your own?—A. Yes, sir, within those limits—that the contract should be as favorable to the Government as the best bid.

Q. It has been stated, not as yet in evidence, but it has been stated, that you had, either by written communication or verbally, told the counsel of Goldstone that Goldstone's bid was best for the Government, and that he ought to have the contract.—A. I have no recollection of anything of that sort. I very likely said that Goldstone's bid was the best for the Government. My recollection is that it was, as presented in terms. Unless you consider the general proposition of the Alaska Commercial Company to make their bid as good as any other, then Goldstone's bid was the best. That is my recollection now; I have not examined it of late.

Q. Do you consider the contract as finally made with the Alaska Commercial Company, on as good terms for the Government as Goldstone's bid was?—A. I have not examined it of late. I only recollect that when I returned and examined the contract I came to the conclusion that it was better, that Judge Richardson had required of the company some things that were not in Goldstone's bid, in addition to everything that was in it. That was my impression at the time.

Q. You understood that the contract made with the company was fully as beneficial to the Government as it would have been if made under Goldstone's bid?—A. Yes, sir; that was my opinion at that time.

Q. Did you as Secretary of the Treasury ever modify that contract afterward?—A. We modified it, I think, in regard to a short catch, a part of the year, as I recollect.

Q. As I understand it, they did not commence until a part of the season had expired?—A. So I understand.

Q. The modification was made, then, under the bid?—A. That was the intention. I cannot say that I computed it personally, because probably I did not, but that was the intention, that it should be a pro-rata deduction according to the catch; but wherever I make a statement in reference to a matter which is of record I do not put my statement against the record. You are asking me for my recollection and I give it.

Q. General Miller, president of the company, in his examination the other day, referred to some immaterial modifications of the contract. One was in pursuance of law, as to changing the number to be taken from the two islands.—A. That we had authority to do. I do not remember whether there was such a change. I recollect there was con-

versation or correspondence about it. Wherever the record speaks I prefer to take that.

Q. Had you any reason to believe, during your administration of that Department, after that contract was made, that this company did not keep faith and perform its agreement? Were there any complaints made to that effect to you?—A. I cannot recall them. If there were complaints made I suppose the record will show what they were, and what action was taken in regard to it. I don't recall it.

Q. So far as your official intercourse with this company extended did you consider that they performed their contract in letter and spirit up to the time of your leaving the Department?—A. I do not know anything to the contrary. If I had known it I think I should have tried to call them to account.

Q. You never had any occasion to make any complaint?—A. I cannot say about that. I think there was a complaint at one time in regard to some neglect about lumber for the natives, and yet I am quite uncertain as to what it was. I believe there was some complaint about wood. If there was a provision in the contract that they were to deliver some wood, there was some complaint made to us by our agent, as to the quality of the wood, and I think some steps were taken to correct it, but I don't feel sure about that.

Q. Did you not appoint some Government agents to look after the contractors on those islands?—A. Yes, sir; we always designed to have an agent there.

Q. You received the agent's reports?—A. Yes, sir.

Q. Were they satisfactory?—A. I have no recollection to the contrary except in this one particular, some complaint about wood; and a complaint came to me in regard to one of their men, Dr. McIntyre, that he was disposed not to concede to the natives. It did not touch the interests of the Government directly, as I remember, but it touched the rights of the natives in some respects.

By Mr. HILL :

Q. It has been intimated that the day before you left for Boston you told either Goldstone, or his counsel, or somebody, that you thought that Goldstone's bid was the best bid, and to come up to-morrow at 12 o'clock and you would award it?—A. O, no, sir; there is no truth in that; I never told anybody any such thing.

Q. In acting upon Goldstone's bid you acted, I understand, upon the opinion of the Attorney-General that the withdrawal of one of the parties to the bid did not invalidate the bid. Your own private opinion being that it did, you gave Goldstone the benefit of the opinion of the Attorney-General?—A. It was my design to do so. I would not say that I came to that opinion as I should have been bound to do if I had made up my mind that I should act upon it one way or the other, but my impression was that the withdrawal of one of the parties invalidated the bid. I think that in the action of the Department we intended to treat Mr. Goldstone's bid as though it had not been disturbed at all in any way by the withdrawal of one of the parties.

Q. Did you recognize any obligation resting upon you to advertise for bids at all?—A. No, sir.

Q. That was done in the exercise of your discretion to ascertain what were the best terms you could procure?—A. I considered, with the Attorney-General, that I had the discretion to go on and let this lease—that the law had put that into my hands; but, notwithstanding, I desired to give the public an opportunity to bid upon it.

Q. After you did adopt the method of advertising for bids, and the bids were made, did you feel that there was anything in that which compelled you to take one bid or the other because it was the highest? Did not you have the right to give parties permission to alter their bids if you thought proper?—A. No, sir; I should not think so, upon general principles. If I had not been controlled by the statute and by the opinion of the Attorney-General to give the bid to the Alaska Commercial Company, I should not have given it to them; I should have taken the bid which offered specifically the highest sum if I had felt myself free to do it.

Q. But you thought that the Alaska Commercial Company's offer, in the last clause of their bid, to make their bid as good as the best, was a legitimate offer, and that you ought to consider it?—A. Not so much that. If the law had not, by its phraseology, in some way, given a preference to this company, and if the Attorney-General had not so interpreted the law, I should not have regarded that general proposition in their bid. I should not have considered it a fair thing as between bidders, who stood exactly alike in reference to the Government. What I might have done about it I cannot say; but where there was a call by the Government for specific proposals, for one party to come in with a specific proposal and then add that they would give as much as anybody else, would not strike me as fair; and if all the parties had stood alike under the law, I should have hesitated to have recognized such a bid.

Q. In allowing this Alaska Commercial Company to take the lease under the bid made by Goldstone, you were acting upon what you considered to be the construction of the law, and not upon that last clause of their bid?—A. Rather upon the construction of the law; although that clause of their bid, in connection with the construction which the Attorney-General put upon the law, had force; it had force in presence of the law and of the opinion of the Attorney-General. But if it had been an open question entirely I should have said it was an improper thing for a bidder to do.

Q. In plain language, you thought that under the law this Alaska Commercial Company stood on preferred ground over any ordinary bidder?—A. If you ask me personally, I think that those who framed the law intended to give this company the preference. There is phraseology there that I have no idea could have got into the law unless it was so intended. I was not quite sure myself whether they had accomplished it, but the opinion of the Attorney-General was so much to that point that I felt bound to act upon that view of the law.

Mr. HILL. I think it very clear that the law intended that in the exercise of your discretion you should consider their pre-emption, as we may call it, and that the Attorney-General was right about that.

The WITNESS. I suppose he was.

By Mr. WOOD:

Q. You consented to the change by which the company was allowed to furnish a certain number of tons of coal instead of an equal number of cords of wood, according to the contract, did you not?—A. I don't recollect about that. When was the change made?

Q. Mr. Miller stated that there had been an agreement made subsequent to this contract that instead of furnishing so many cords of wood the company should furnish so many tons of coal.—A. If it was done in my time, and I signed the paper, I am officially responsible. I do not now recollect about it.

By Mr. BURCHARD:

Q. Do you remember whether you passed upon the other bids, in connection with the bid of the Alaska Commercial Company, to decide which was to the best advantage for the United States?—A. My recollection is that, with the exception, perhaps, of one or more bids which were withdrawn, (I don't remember whether there was more than one,) we considered the Goldstone bid the best specific bid for the Government.

Q. You considered that the best bid, unless the offer of the Alaska Commercial Company, to make their bid as good as the best, applied to the Goldstone bid; but if it did you considered the Alaska Commercial Company's bid the best?—A. No, sir; my recollection now is that in examining the bids we came to the conclusion that the Goldstone bid, in its specifications, was the best bid as against all the others.

Q. Did the Alaska Commercial Company, in addition to their specific bid, include this clause, offering in case any responsible party bid higher than they did, to make their bid equal to that higher bid?—A. I considered that when I had the opinion of the Attorney-General that this company were entitled to preference, their bid was just as good as Goldstone's bid, and inasmuch as under the law they were to have a preference over everybody else, we were, therefore, to let the contract to them rather than to Goldstone.

Q. The Attorney-General's opinion was that the law contains no direction to you to make a contract or lease to this company unless upon due examination of it, a lease to them on such terms as they are willing to accept will better satisfy the requirements of the case than a lease to any other person or company?—A. That is to be taken in connection with what precedes it, which gives them a preference, I think. That was my construction of it.

Q. Please examine bids numbers five and six; one of them is \$156,000, the other \$127,000. Now, the Alaska Company's bid, if it included Goldstone's bid, would be \$55,000, annual rental, and they were to pay \$2 revenue-tax on each skin?—A. Yes.

Q. Do you remember why you decided that those bids were not better than the Alaska Company's bid?—A. This was a gross bid for the whole property, with no royalty, so to speak, on skins.

Q. Did you understand those bids to include the \$2 tax per skin?—A. O, certainly; this was all they proposed to give.

Q. They did not propose to give the tax in addition?—A. No; I did not so understand it.

Q. Was that your understanding of the next bid, number seven, which was withdrawn?—A. I cannot say. I think this bid of Hastings was withdrawn before we opened the bids, and, if so, probably I did not attend much to it. I don't remember anything that passed through my mind in regard to it, nor do I remember anything in regard to numbers five or six, but I see that they appear to be offers of a gross sum.

Q. What I desire is to have you state your recollection of what occurred in reference to these bids.—A. I do not recollect; but in looking at them now, I should so construe them. I cannot say how that could have been otherwise.

Adjourned.

WASHINGTON, *March 3, 1876.*

WILLIAM A. RICHARDSON sworn and examined.

By Mr. WOOD :

Question. You are at present judge of the Court of Claims, I believe ?

—Answer. Yes.

Q. You were Assistant Secretary of the Treasury under Mr. Boutwell ?

—A. I was, during nearly the whole of his term.

Q. When did you first take office in that capacity ?—A. In March, 1869, I think.

Q. You were his successor, I believe ?—A. I was his successor ; and during the time of his incumbency I was his assistant, but I was absent a great deal.

Q. You were absent in Europe ?—A. Yes ; and I was also absent at home a good deal.

Q. What was the nature of your duties ?—A. Whatever I was directed to do by Mr. Boutwell. That is the duty of the Assistant Secretary. The law does not prescribe any special duties for the Assistant Secretary. During Mr. Boutwell's absence I was acting Secretary of the Treasury for all practical purposes.

Q. In pursuance of any law ?—A. By appointment from the President.

Q. In pursuance of any law ?—A. In pursuance of a law.

Q. Do you know where that authority is found ?—A. Is it not the tenure-of-office act ? I was appointed by the President by a written appointment recorded in the Treasury Department, and I think in the Secretary of State's office also, and my impression is that it is under the tenure-of-office act.

Q. You are quite clear that the powers of the Assistant Secretary are those of the Secretary in his absence ?—A. As to that, I never considered it specially, because I found it acted upon in the Treasury Department and in all the other Departments of the Government, and it was so understood as the common law of the Department. The question never was raised.

Q. Were you in the habit, during that service, of signing any papers of any great importance as Secretary of the Treasury ?—A. Just the same, exactly, as though I had been Secretary of the Treasury.

Q. No question has ever been raised as to your right to do that ?—A. No question was ever raised. This is the first time that I have heard of it. I sat in the Cabinet meetings and performed all other duties, as all the Assistant Secretaries, do.

Q. Did you understand that that authority extended to the absence of Mr. Boutwell from the Department when he was in Washington ?—A. Yes, sir ; that was also considered proper if he wanted to be absent a day, though I think that was rarely the case with him ; but I have known other Secretaries to be absent at home a day, or even, perhaps, in the Department, the assistant acting as Secretary.

Q. In Washington, but not at the Department ?—A. I think there have been cases where the Secretary has been at the Department and engaged in other duties, and yet somebody else would sign as acting Secretary. I am quite sure that has been the practice. I do not know that it was ever so with Mr. Boutwell, because when he was absent he generally went home. I do not know, however, whether it was so with him or not.

Q. Did not you examine the law to see how far your powers extended, if the Secretary should be in Washington at the time, before you exe-

cutted the papers?—A. I don't know that it ever happened while I was there.

Q. You don't recollect that you ever executed any papers, as acting Secretary of the Treasury, when the Secretary was in Washington?—A. I don't remember that I ever did. Possibly I might, but I don't remember.

Q. Do you remember the execution of the lease to the Alaska Commercial Company?—A. Yes, sir.

Q. Were you consulted with reference to that previous to making the contract?—A. No, sir; I think not. My impression is that I had no connection with the case until Mr. Boutwell decided to make a lease to the Alaska Commercial Company, and when he directed me to have it done, I think he said if they did as well as anybody else, or something like that, they were to have it. I then examined the law and the papers. My impression is that I was absent while the preliminary matters were going on, but I am not sure.

Q. Did you not execute a paper, as acting Secretary of the Treasury, with reference to that question a month before that contract was made?—A. Perhaps I did. I cannot remember. What paper do you refer to?

Q. Please look at the foot of page 19 of this document, where you purport to have signed as acting Secretary of the Treasury, with reference to the preparatory arrangements looking to the making of that contract.—A. Yes, sir; that was immediately after Mr. Boutwell told me to make the contract. That was the summing-up of his directions. I recollect that. That was the order to have the contract made. I do not know how soon after the contract was made.

Q. The 30th of August was the date of the contract?—A. Well, that order was the time that the matter was adjusted.

Q. It was a month before the contract was made?—A. Yes, sir. Mr. Boutwell left about that time, with directions to make the contract, and then that paper was signed. The time between these two papers must have been taken up in drawing the lease.

Q. Were you present when the bids were opened?—A. No, sir; I think not. It is so long ago that I cannot remember with certainty, but my impression is I had nothing to do with it until the time that Mr. Boutwell decided to give the contract, and I drew up that paper immediately after.

Q. Do you recollect the day the bids were opened?—A. No, sir; I do not think I was present, or knew anything about it.

Q. Then I understand you, the first you knew of it was the signing of this paper dated July 30?—A. No, sir; Mr. Boutwell directed me about that time. He decided, perhaps the day before, to give the contract to the Alaska Commercial Company, if they did as well as anybody else, and then I looked at the law, and at the opinion of the Attorney-General, and drew up that order, which was directions for making the lease.

Q. Do you remember at what date the Secretary of the Treasury left Washington?—A. I do not.

Q. Do you remember whether he was not in the Treasury Department on the very day that this contract was executed, the 30th of August?—A. No, I don't remember.

Q. It has been stated that he was in the Treasury Department within one hour of the time of the awarding of this contract to the Alaska Commercial Company. Do you know whether that is so or not?—A. No, sir; I could not remember as long ago as that. You mean within one hour of the date of the lease?

Q. Yes.—A. No, I have no remembrance of anything about it. He went home to Massachusetts to spend his summer vacation, and I do not know what time he returned.

Q. Have you any knowledge of your own respecting the awarding of this lease to that company or the attending circumstances under which they were made the preferred parties?—A. The only knowledge which I have is that Mr. Boutwell decided to give the lease to the Alaska company, and then I took the papers, carefully looked at the law and the opinion of the Attorney-General and the bids, and drew the order directing the contract to be made, and I came to the conclusion myself that, under Judge Hoar's opinion, there was nothing else to do. He decided that the Alaska Company were entitled to the preference under the law, if they would do as well or nearly as well as anybody else. I think that was the language, or something like that.

Q. Did you act of your own volition under the opinion of the Attorney-General, or did you act under the instructions of your superior, the Secretary?—A. Altogether.

Q. Which, if you please?—A. Well, I had the instructions, and then I had the opinion of the Attorney-General, and I came to the same view in relation to it that Mr. Boutwell did.

Q. What would you have done if you had differed with him on that subject?—A. I do not think I should have signed it.

Q. You do not think you would have signed it?—A. O, no; not if I had come to the conclusion that it was wrong.

Q. Notwithstanding his directions?—A. I should have called his attention to it, and told him my objections, and then, if he wished, he could have done it himself. If I had seen anything that I thought he had overlooked I would have called his attention to it.

Q. When you executed the contract did you examine the bids carefully to know whether the contract was in conformity to the best interests of the Government according to the law?—A. Yes, when I drew up that order, which was a direction to the solicitor, I looked at the bids, the opinion of the Attorney-General, and all the papers in the case; and the Attorney-General having decided that this company was entitled to the lease if they would do as well or nearly as well as anybody else, and they being willing to do as well, and, I believe, a little better, (I have not examined it lately, but my impression now is that they were willing to do a little better,) I thought they were entitled to it under the opinion of the Attorney-General.

Q. I want to have your position clearly defined—whether you participated in the responsibility of making this award, or whether you were acting simply as the officer of the Secretary, having his directions?—

A. I cannot put it any different from what I have stated, that Mr. Boutwell decided to give them the lease provided they would do as well as anybody else, and in examining the papers I did not see any reason to differ from that—anything to call his attention to, to alter that view, and, therefore, I executed the lease.

Q. You did examine the papers, and you reached a conclusion of your own independent of the Secretary?—A. I reached a conclusion that there was nothing that I saw that made me differ from his views.

Q. And he directed you, you say, in the making of this contract?—A. That is my recollection. My impression is that I had been away, and had come on here purposely to relieve him, that he might go on his vacation, and that he left that for me to do.

Q. Have you any statement to make with reference to the subject outside of your replies?—A. No, sir; I do not know anything about the

matter at all since that time, except that I had something to do, I believe, with some orders while he was still absent. We made some changes about the oil. It turned out that that provision of the contract was of no avail. I believe the special agents recommended that the company be released from paying duty on that in order to see if they could not get a little oil manufactured there for the benefit of the natives, but I believe the whole thing did not finally result in anything.

Q. Do you desire to make any statement with reference to your opinion as Assistant Secretary of the Treasury, whether the contract was one which was beneficial to the Government?—A. I never looked into that question. Mr. Boutwell was very earnest about that. I remember distinctly that he was terribly opposed to making the contract for the islands, and wanted to carry on the business exclusively for the benefit of the natives. That is my impression, but it is along time ago I think that was the way that he wanted to carry it on. At any rate, I know that he was very much opposed to leasing the islands at all, and it was not at all according to his views, but the law having been passed, and the Attorney-General having given his opinion, the matter was foreclosed.

WASHINGTON, *March 8, 1876.*

JOSEPH S. MOORE sworn and examined.

By Mr. WOOD:

Question. State your residence and profession.—Answer. I am in Government employ in the Bureau of Statistics; I reside in New York.

Q. You were directed by the Secretary of the Treasury to proceed to San Francisco last May to investigate certain matters there?—A. Yes, sir.

Q. And you had some conversation with the Secretary before you received his written instructions?—A. Yes, sir.

Q. Please state that conversation.—A. The Secretary desired me to go to San Francisco and investigate the Alaska Commercial Company, whether they were complying faithfully with the contract that they had made with the Government. I inferred that it had been supposed that the Commercial Company were getting more skins than they were entitled to, and that there was a sort of amalgamation of this with the contract with the Russian government, and it was necessary to investigate the Russian contract, and also the books, if I could get hold of them, and the whole matter, to see if anything could be found showing whether such an amalgamation had taken place, or whether they were complying faithfully with the contract; that is to say, killing only a hundred thousand seal per annum, and paying the Government \$262,000 for them at \$2.62 a skin; that was the purport of the conversation as far as my memory goes.

Q. And then you received from the Secretary this letter of instructions, in which he directs you to proceed to San Francisco, and to make certain investigations with reference to the South American trade and the trade with China and Japan, and also with reference to this Alaska Commercial Company's lease?—A. Yes, sir.

Q. Your report follows, and I observe that it is without date. Will you please supply that date?—A. I rendered the report in November, just before the Secretary made his report; it must have been between the 15th and 20th of November.

Q. How long were you in San Francisco?—A. Seven weeks.

Q. Did you proceed to those islands to investigate?—A. No, sir.

Q. Did you go to Alaska at all?—A. No, sir.

Q. You confined your inquiries altogether to San Francisco?—A. I made the investigation at San Francisco through the books of the company and the custom-house. It was necessary to investigate a part of the entries. If you will allow me, I will state how I laid out my plan to investigate this matter. You are aware that the skins are brought to San Francisco by two vessels belonging to the company. Those vessels, when they arrive in San Francisco, go immediately into the charge of the custom-house; the clearances are made in the islands of course; the Government agent there in charge states how many skins the vessel brings. When it comes to San Francisco the entries are made of the skins upon which the tax is paid. It was therefore very essential for me first of all to see the entries in the custom-house, which, by the authority that this letter of the Secretary gave me, I easily obtained. I selected all those entries and sealed them up in an envelope, and then I went to the company and gave my authority and this letter, and asked whether they would allow me to look at their books, which they readily agreed to. The next step was to verify the entries in the custom-house in San Francisco, by the shipping-books of the company, and see whether they would agree, and, step by step, I traced up to see whether the amount of skins sent to San Francisco conformed to the amount of skins shipped to England; but the greatest test, which convinced me of the correctness of their books, (with the exception of, I think, 537 skins,) was the account of sales from Lampson & Co., of London, where all the skins of the company were shipped to. There was not a book of the company but what I had access to to examine and investigate; and, if you have time to read this report, you will find that my statements are made by figures which I have verified on the spot, in San Francisco, of course from the books. If they have got any false books, or keep books somewhere that I could not find them, of course that was not my fault, but I believe that to be most improbable. That was the principal part of my investigation in San Francisco. Then, with regard to the investigation of the company's contract with the Russian government at Copper Island. That you will find in the first part of my report presented in the same way. All the skins from Copper and Behring Islands are brought to San Francisco, and there they are entered in the custom-house. I took those entries and verified them by comparison with the tax that they paid the Russian government; that is, two rubles and twenty kopecks apiece, or something like that. I verified the tax paid on these skins, and I found them about correct, then I verified them with the shipments to England, and with the account of sales of Lampson & Co. of London.

Q. What did you do toward investigating, whether some of those skins were not sent elsewhere than to London?—A. There certainly had been a great deal of talk about that. You will find in the latter part of my report that, although it was not exactly within the instructions of the Secretary of the Treasury, I deemed it my duty to find out all the talk and statements on the Pacific coast about this company. For instance, a woman came to me, Mrs. Honcheranco, the wife of a Greek priest, (who was once editor of the Alaska Herald, and a very bitter opponent of the company,) and stated that there had been a whole cargo of skins shipped by the way of Panama to England. I tried to follow up the information. I saw Mr. Bendel and Honcheranco, and

Mr. Shirpsier. I made a proposal to them to go before a magistrate, and give me a statement upon oath, and make out a *prima-facie* case, and that I would immediately send it to the Secretary, and I even said that it was my firm belief that the Secretary of the Treasury would take the authority to suspend the operations of the company if a *prima-facie* case was made out; but they all refused, and the whole affair vanished into thin air. It was like all the rest of these talkings; there was not the slightest substance in it.

Q. Did you ask to name the vessel that went to Panama?—A. Yes, sir; that is just exactly what I did ask, but nobody could tell it.

Q. Did the husband of that lady contradict her statement?—A. No, sir; he said that he had heard it; that it was the common report of the town; that everybody knew it; but in this case nobody would testify to it; I could not get anything substantial.

Q. Did you discover any attempt upon the part of the company to suppress this information?—A. Not in the slightest degree. I believe, so far as that is concerned, that the company felt perfectly safe. Whatever other advantage they have got, (and no doubt they have great advantages in this contract,) they know well enough that their great strength is in keeping straight under the terms of the contract. I have satisfied myself that if they were to take 50,000 skins on our islands surreptitiously, they would endanger their business; that instead of getting £2 10s. a skin, they would not probably get more than 35s.; that 50,000 or even 20,000 skins additional would swamp the market. They take 30,000 skins from the Russian Islands, Behring and Copper, and 100,000 from our islands; that is 130,000. There are about 40,000 or 50,000 taken elsewhere, south of the cape of Good Hope and in other places. These skins are just sufficient to supply the market, and if an additional 20,000 skins were put into market it would bring down the price and be actually against them. The very fact of having this monopoly (and it is a monopoly) on our islands, and being able to take only just a certain number of skins, gives them the advantage of keeping up the price of the skins in Europe.

Q. Is not the increase of those furs sufficient to warrant the increase of production and consumption?—A. The increase has gone on for four years very largely. Formerly 200,000 skins, 100,000 from our islands, 30,000 from Copper and Behring Islands, and 50,000 or 60,000 from other parts of the world, would have been too much, but the fashion has grown up for everybody to wear seal-skin jackets and caps, &c., and has made a demand, but there is just enough of a demand now. If the fashion holds on as it is now for two years longer, I should not be surprised if these skins went up to £5 apiece, if we do not increase the production.

Q. Putting the round estimate at 200,000 for the whole world, and 130,000 that this company is allowed to take in their two contracts, do you think that an addition of 20,000 would affect the price?—A. I think so. I think it would affect the price because it is not like anything else—like iron or woolen goods, where you have one or two hundred markets for them; but these skins have all to go to London, at least 99 per cent., and they have two sales of them annually—in March and September.

Q. Are there not some sold in Leipsic, in Germany?—A. After they go to London. The reason that they are sold in March is owing to the fact that the fair at Leipsic takes place in April. It takes place again in October, and the seals are sold in London in September. Therefore all these skins have got to go to one place. The addition of 20,000 more

skins, or even 10,000 more, in my opinion, would certainly reduce the price of the skins ten shillings or five shilling apiece, or something like that. The company understand that very well; the trade understands it.

Q. Then, as I understand it, the result of your observations at San Francisco was, that it would not be to the interest of the company to take a greater amount than their contract limits them to?—A. That was my opinion, and that is my honest belief.

Q. What means had you to reach that conclusion outside of your investigation of the accounts of the custom-house and the accounts of the company itself, because the mere examination of these figures would not have given you any knowledge of that kind?—A. Well, I have been an old merchant for a quarter of a century, and I have reached that conclusion just by my own opinion or experience. I had no other reason from the investigation but merely the fact that I know how many skins there are produced, and how many there are sold in London. Of course I know nothing further than my own belief and opinion about that as a practical man.

Q. Was every facility afforded you to make that examination?—A. Every facility, so far as the books and papers were concerned, was afforded me; in fact, even more so than I had reason to expect; and there is a deal of information which is almost foreign to this inquiry, that I gathered from the books by looking at them.

Q. Did you meet a gentleman in San Francisco named Goldstone?—A. He was not there at the time; he was up in the country. I know him personally, and I would have been very glad to have seen him, but I saw Mr. Roeding and Mr. Danzel, who were party with contractors with Goldstone at the beginning of this contract—they were bidders with him.

Q. What did they say?—A. I give in my statement here what they said. Mr. Roeding said that the act of 1870 was wrong; in fact, that was the opinion in San Francisco of every one that had anything to say on the subject. They certainly complained very much against the act of Congress, 1870. Mr. Roeding and Mr. Danzel did not charge the company with any fraud or taking more skins than was allowed. They only complained that the company had a monopoly, and that it had a good thing. Mr. Roeding told me that he was one of the bidders with Goldstone; that no doubt if he had got the contract he would have carried it on in the same way, but, at the same time, he would not think the act a good one. The act would have been wrong all the same, the policy of the act of May, 1870, under which the lease was made.

Q. Mr. Goldstone made his bid in behalf of the American Russian Commercial Company and Taylor and Bendel?—A. Yes, sir; I suppose so.

Q. Did you see Taylor and Bendel?—A. I saw Mr. Bendel, a brother or cousin of Bendel of Taylor & Bendel. He used to be in the Alaska trade. He knew a great deal about the subject; in fact he was the writer of one of the pamphlets.

Q. Was he here in Washington at the time that Mr. Goldstone made his bid?—A. I think not. I don't know, though.

Q. Did he speak of any facts connected with the making of the contract that he thought were suspicious?—A. No. He only referred me to the pamphlet which you have there, but of course I had nothing at all to do with that.

Q. I understand you to say that your report is here?—A. Yes, sir;

it is here, and I stand by it—every word. If I have made any mistake it was done unwittingly.

By Mr. BURCHARD :

Q. Was this a ship that cleared from San Francisco ?—A. O, no; not at all. If it had been a ship that cleared from San Francisco I could have traced it through the custom-house very easily, having all the facilities. It was supposed to be one of those phantom ships that left the islands and went to Panama and there discharged skins. That was the supposition and that was the talk.

Q. Did they give any time or year or data ?—A. No. There was no time, year, nor data, nor could I get anybody to charge this thing under oath. If they had I would have sent it immediately to the Secretary of the Treasury.

Q. Did they name any person that knew anything in regard to such a ship ?—A. No. I insisted upon having somebody that had seen it or somebody with more knowledge, but it was all hearsay. The fact is, I have traced the origin of it. It is the nature of the seals to go away in the month of September or October in great numbers down to the south. They pass some islands, and the islanders somewhere to the southward intercept those seals and kill them, and some of these skins are brought to San Francisco for sale, and probably that may have given rise to the story of a phantom ship going to Panama, but I am perfectly satisfied that there was nothing in the story.

Q. You found that seal-skins had been brought to San Francisco other than by the company's ships ?—A. Yes, sir.

Q. To how large an amount ?—A. I think there were two or three hundred, or at most five hundred, brought there every year.

Q. Did you make inquiries to ascertain whether the company could have had any connection with the capture of seals from which those skins were taken ?—A. No; on the contrary, they would prevent anything of the kind, because it would act against them.

Q. They would not encourage that ?—A. Not at all. They want to keep the whole trade to themselves; and any skins that are taken outside of the islands of Saint George and Saint Paul, Robbin Island, and Copper Island, are so much loss to the company, because they want to keep the trade.

Q. There was no possibility, in your judgment, that those skins could have been brought from those islands ?—A. Not the slightest; my opinion is that the company, so far as killing the right number of seals under the contract is concerned, with the exception of 537, was perfectly straight.

By Mr. WOOD :

Q. Do you know anything of their contract with the Russian government ?—A. Certainly, sir.

Q. Is it the same as the contract with our Government ?—A. It is the exact fac simile of our own with this difference, that they are obliged to take not less than 1,000 skins, but they can take as many more as they like by paying the tax, two rubles and twenty copecks; while our contract is that they are not to kill more than 100,000 a year on the two islands.

Q. Two rubles and twenty copecks is about \$2 ?—A. It would be not quite two paper dollars.

Q. That is much less than they pay us ?—A. Yes, sir; but the skins are not so good as ours. You will understand also that the Russian skins taken from those islands are brought to San Francisco and there

shipped, and the account of them is kept separate by the company, and the account of sales from Lampson & Co. for those is also separate. So, therefore, I had the opportunity of knowing what the Robbin, Copper, and Behring Island skins (the three islands belonging to Russia) brought, and what ours brought. Our skins were always worth ten or fifteen shillings apiece more; the very best Robbin skins do not fetch in London, more than about £2.

By Mr. BURCHARD:

Q. Are they taken at a different season of the year?—A. No, sir; they are taken at the same time. Those islands are very near Saint Paul and Saint George. In fact, I think they ought to belong to us.

By Mr. HILL:

Q. How much do those skins bring in London?—A. They bring from 35 shillings up to £3 5s.—\$15. Those high ones, however, are very few in number. I think the average would be about £2 10s.

Q. What do you think is the cost of taking these skins and laying them down in London, including the duties paid?—A. I have calculated it, and, so far as I could see, it would amount to from about £1 2s. 6d. to £1 5s.

Q. They make about 100 per cent. profit?—A. One hundred per cent.

Q. You say that the increase of these skins, ten or twenty thousand a year, would be contrary to the interests of the company, because it would lessen the price?—A. I think so.

Q. Suppose they took some less, would it not increase the price?—A. I should not be at all surprised. It appears there is just demand enough at present, and whenever they find that there are too many skins produced, of course they will take less and get just as much money. That is the value of the contract, that they can open and shut the safety-valve just as they wish.

Q. If they could take as much money by taking ten thousand as by one hundred it would be for their interest to take but ten thousand?—A. Decidedly. That is just where the whole pith of the subject lies.

Q. And they are not compelled by our contract to take one hundred thousand?—A. No, sir; they can take five thousand, if they please. You will see that in five years they only took four hundred thousand skins; but they must pay the annual rental, \$55,000, and must keep up their arrangements and treat the natives properly.

By Mr. BURCHARD:

Q. It would be to their interest, then, to take as many as the market would bear?—A. Exactly so.

By Mr. HILL:

Q. You think, then, that this company is honest because, if for no other reason, it is their interest to be?—A. It is their interest decidedly. It would be foolish to be dishonest.

By Mr. BURCHARD:

Q. You say there are from fifty to sixty thousand skins taken in other parts of the world?—A. Yes, sir. The skins taken outside of our own islands and those outside of the Russian Islands, Copper, Behring, and Robbin Islands, you cannot depend upon them. Some years you might take ten thousand, some years one hundred thousand, some years twenty thousand, and some years nothing at all, because the indiscriminate

killing off of the seals has driven them away, and they go and seek other islands.

Q. If they had a system of protection of the seals in those South Pacific islands, the same as we have in the North Pacific, the number might be very much increased?—A. Most decidedly.

Q. And if they should be protected and increased in the South Pacific islands, the markets of the world might be replenished from there?—A. Yes, sir.

Q. And the profits would be largely reduced?—A. Certainly. It is only owing to the restriction of taking a certain number of seals that the profits are so large.

WASHINGTON, *March 8, 1876.*

Hon. B. H. BRISTOW, Secretary of the Treasury, appeared before the committee, and was examined as follows:

Mr. WOOD. The object of this inquiry is to carry out an order of the House to this committee to investigate and report, first, as to the legality of the contract made with the Alaska Commercial Company for the lease which they now have; secondly, whether it was made strictly in pursuance of the law of 1870, under which it was authorized; thirdly, with reference to the performance of the obligations resting upon the company, whether they have been, on their part, faithfully performed or not; and fourthly, with reference to other matters pertaining to this contract. We have already the examination of the president of the company; of Mr. Boutwell, who was Secretary of the Treasury when the contract was made; and of Mr. Richardson, who was Acting Secretary at the time, and who executed the contract on behalf of the Government; and we are now endeavoring to exhaust all the information that we can procure from the Treasury Department relating to the subject since you have been Secretary. When did you first become Secretary?

Mr. BRISTOW. In the early part of June, 1874; I think the 5th of June I took possession, and I have been Secretary ever since.

Mr. WOOD. How early was your attention called to this lease?

Mr. BRISTOW. Very soon after I came into the Treasury Department, because of the fact that, I think, in March, before I came in, a resolution had passed Congress directing that a naval officer and a Treasury agent, or a person to be appointed by the Secretary of the Treasury, should be sent to the islands to look into the general question, having special reference to the condition of the population on the two islands of Saint Paul and Saint George, and also to the increase or decrease of the fur-bearing animals. At the time I came in Mr. Henry W. Elliott, of the Smithsonian Institute, had been sent, and was then in that region of country, either there or on his way, with Lieutenant Maynard of the Navy. My attention was first called to the subject by some communications received from one or the other of those two gentlemen announcing their arrival, or the progress they were making. I then looked at the resolution of Congress and found under what authority they had been sent. I had occasion afterward to read Mr. Elliott's report and Lieutenant Maynard's, and we have had reports from time to time from the chief of the special agents stationed up there, Mr. Bryant, who was appointed by Mr. Boutwell. There is one principal and three assistant agents, and, if I am not mistaken, they were all appointed by Mr. Boutwell. I do not think there has been any change made in them since I came in. It is possible that I have made one change; I believe now,

on reflection, that one of the agents did resign and another gentleman, that I do not recall, was appointed. All the information I have on this general subject is embodied in the papers which I have transmitted to the House.

Mr. WOOD. We have your answer to the resolution of the House, in which (page 187) are instructions from yourself to Mr. Moore to make certain inquiries in regard to that lease. Please state what it was that specially directed your attention to the necessity for looking into that subject.

Mr. BRISTOW. The constant complaints in the San Francisco papers was perhaps the moving cause. I am not a subscriber to any of those papers, but they were constantly sent to me with marked articles. I don't recall with any sort of accuracy the contents of the articles, but the general idea was that there was a fraud being perpetrated on the Government in the management of this contract, and that we were losing the tax on a great many of the skins that were taken. It occurred to me that Mr. Moore was perhaps a suitable person to send there. I had a very slight personal acquaintance with him, but I knew something of his ability as a statistician and accountant, and I wanted to get some statistics with reference to the trade of San Francisco with China and Japan and the South American countries, which I thought would be of value to the Statistical Bureau, and perhaps to Congress; but the chief purpose in sending him there was to look into this contract and the manner of its execution, both to examine the custom-house entries (for, as the committee understand, all the skins are required to be entered) and to examine also, if he could get access to them, the books of the company and compare them, to ascertain whether there were any discrepancies; in other words, to supplement by an inquiry there the information we had from the islands direct.

Mr. WOOD. The object of my inquiry was to know whether there had been anything in the relations between yourself and this company that caused suspicion, or whether you had anything in your Department which justified the investigation outside of what you have stated.

Mr. BRISTOW. Nothing that I recall. I am not quite sure if there are not some letters in these reports which complain of the management of affairs by the Alaska Commercial Company, but at all events, my principal information was from marked articles sent to me in the San Francisco newspapers, and they came to me so frequently that I felt it my duty to take every step I could to ascertain whether any wrong was being perpetrated.

Mr. WOOD. Then I understand that these facts which you have stated were the immediate cause of the orders and instructions you gave to J. S. Moore under date of May 13, 1875?

Mr. BRISTOW. Yes, sir; I should say that I had had some conversation with Mr. Moore before that order was given; I think some weeks before. It was not quite convenient for him to go out there the first time it was mentioned to him, and the matter was delayed until he could conveniently go. Indeed, I talked with him first, with the view of satisfying myself as to his fitness for making the inquiry. I knew him very slightly, and I yet have but a slight personal acquaintance with him, but I had heard of him as a very competent accountant, and his standing in the Statistical Bureau was such that I felt justified in selecting him for that mission. Subsequently when I came to talk with him I found that he was a fit person to make the inquiry, and he made what seems to be a very careful examination. You observe that he discovered some discrepancies between the custom-house and the accounts of the

company, making a difference of perhaps \$1,000 or \$1,200, for which they have promised to settle or have settled. I do not know that they have absolutely closed the account. I ought to say that I have not a personal acquaintance with any of the officers of the company so far as I know. I do not know that I ever saw the president, Mr. Miller. They have an agent resident in this city, but I have never seen him at all. Our communications have been by official correspondence. I have never seen Mr. Miller at all, and I have never seen the agent. His name, I understand, is Hutchison.

Mr. WOOD. I understand you, then, to say that you have stated all the grounds that you felt justified you in entering into the investigation as you did through Mr. Moore. That is, that you had nothing official before you.

Mr. BRISTOW. Nothing official. I ought to add another thing that entered into my mind. I observed in the contract that they were to pay fifty cents for each gallon of oil taken, and subsequently the contract was abated to that extent, and it struck me as a matter worthy of inquiry. Whether these newspaper communications called my attention to that, or whether I got it from reading the contract and the subsequent modifications, I am not sure, but it struck me that it was worth looking into, why we were not getting anything from the oil. Mr. Moore's report gave me all the information I have on that subject.

Mr. WOOD. There is no date to Mr. Moore's report. Your instructions are dated May 13, 1875, but there is nothing on the face of the report to tell when it was made to you.

Mr. BRISTOW. No, sir. He came back and presented me a skeleton of his report, I should say in the early autumn. I cannot tell in what month, whether September or October, but my impression is that it was in September. The skeleton was written on slips of yellow paper. He read it to me in the Department, and suggested that he desired to take it with him to New York, there to put it into a more regular and condensed form, which he did, and I think it was not presented formally until about the time of the meeting of Congress, although he had fully informed me of all the facts he had ascertained, and his conclusions, and had read to me the skeleton report, which was substantially what he subsequently presented in a more formal way.

Mr. WOOD. Have you ever taken any official action with reference to this report?

Mr. BRISTOW. Only to direct that the discrepancies in the accounts should be settled.

Mr. WOOD. They appeared to be small?

Mr. BRISTOW. Very small; \$1,000 or \$1,200.

Mr. KELLEY. Such as might well have occurred by accident?

Mr. BRISTOW. O, yes; and undoubtedly it did occur by accident.

Mr. KELLEY. Too small in amount to cause a suspicion of dishonesty?

Mr. BRISTOW. Yes.

Mr. WOOD. Has your attention been called to the statement of General Howard, and the pamphlet which he inclosed to the War Department?

Mr. BRISTOW. Only in a very general way. I take this occasion to say that I have no knowledge of it at all; it was transmitted to you because I do not feel at liberty to have any paper, even anonymous papers, on the subject, without communicating them.

Mr. WOOD. Then you have not examined it with reference to taking any action yourself upon any of its statements?

Mr. BRISTOW. I have read it.

Mr. WOOD. There are certain statements in that pamphlet which, if true, would indicate that this company were not executing their part of this contract, and I direct your attention to those parts of it.

Mr. BRISTOW. I read that paper—just when, I am not able to say; and on reading it I sent for Mr. Elliott, who is still here in the city. (I do not know but the committee have seen him.) I said to him that I should be very glad to get from him all the information he could give me with reference to the allegations and charges in that pamphlet, and he went, in particular and in detail, over the whole matter, and claimed to know that there was absolutely no foundation for the charges; he asserted it with positiveness. General Howard himself, I think, does not undertake to vouch for the truth of the statements in that pamphlet.

Mr. WOOD. Mr. Elliott had been a Government agent there?

Mr. BRISTOW. Yes, sir; he had been sent there under the resolution passed before I came into office—a resolution passed with the view of sending him there. I also talked with Lieutenant Maynard. I don't remember whether I called his attention to the specific charges in that paper accompanying General Howard's report, or whether I called his attention to the same general charges coming through the California newspapers. I received from him, also, most positive assurances that these charges could not be sustained; that they were made in an anonymous way by people of no responsibility.

Mr. WOOD. Is he an officer in the Navy?

Mr. BRISTOW. Yes, sir.

Mr. WOOD. Is he a person of trustworthy character?

Mr. BRISTOW. I think so. He is the son of one of your former colleagues, our present minister to Constantinople, a very worthy young man, I think. His father brought him to me and presented him, and it was on that occasion that I had a long talk with him. You will observe that the act of Congress which directs this contract to be made authorizes the Secretary of the Treasury to abrogate it only on clear and satisfactory proof of non-compliance; and while there have been so many of these allegations and charges made in an anonymous way, they have fallen very far short of anything like clear and satisfactory proof, and all the means I have been able to take to ascertain the truth have led my mind in the other direction. I ought to add that Mr. Bryant, the special agent, who was appointed by Mr. Boutwell at the time of the commencement of this contract, has been here during most of the winter, (I think he has, perhaps, just left within the last few days,) and I have talked frequently and very freely with him on the subject, and he gives the most positive assurances that all these charges are false; that they are made in the interest of rivals and irresponsible persons. So that I have not been able to discover, from any source at all, official or unofficial, any responsible person who is willing even to father the charges that are made. I do not know what may be before the committee. I only mean to say that no such thing has been brought to my attention. There is this that appears beyond question from these reports, that the company have a very remunerative contract, which is paying them very handsomely now. Of course the committee have heard how they claim that that has been brought about.

Mr. WOOD. You may recollect that I had a little conversation with you myself on this subject early in the session, and you intimated to me that you had looked into it somewhat.

Mr. BRISTOW. Yes, sir. Did I not give you a memorandum that I had prepared, at the time?

Mr. WOOD. You never furnished it. I remember that I asked it of you, and you ordered it prepared, but I never have received it.

Mr. BRISTOW. I have a copy of it here now, which I will hand you.

Mr. WOOD. We want not only the benefit of your information as to facts, but any suggestions you may have to make. Of course the contract is in existence, and it cannot be abrogated except by such evidence as will authorize the Secretary to think that he is justified in abrogating it. I understand you to say that you have instituted all the inquiries that you deem necessary, but that you have not found anything against the company that is reliable?

Mr. BRISTOW. Yes, sir; all that I thought necessary—indeed, all that I could; for, to speak the plain truth, when it came to my knowledge that the company was making a very large profit out of the matter, I felt that the Government was not getting as much as it ought to have, and I wanted to find some way of getting a share of the profits for the Government; but I found myself confronted with the law and this contract, and I saw no reason to believe that the company were not carrying out their contract in good faith, whatever may be the suspicions by which they are surrounded.

Mr. BURCHARD. Whatever evidence or charges you have relating to the violation of the contract are presented in this report?

Mr. BRISTOW. No, not the charges; because those came to me generally in marked articles in California papers. I have not presented them at all.

Mr. BURCHARD. Were they similar to these in this pamphlet?

Mr. BRISTOW. Yes, sir; of the same general nature. Occasionally they were very scurrilous and abusive in their terms.

Mr. BURCHARD. Have you examined these reports to see whether the rules and regulations made for the comfort, maintenance, education, and protection of the natives of the islands have been observed?

Mr. BRISTOW. I cannot say that I have made a careful personal investigation of it. I have two or three times directed that an examination be made by the officers and the chief of the division having this matter in charge, but there has been, as the committee know, something of a conflict between the Treasury and the War Department with reference to jurisdiction over matters up there, which has embarrassed us somewhat; indeed, they have disputed our jurisdiction over our own people, for our officers were arrested once by the War Department and the custom-house closed.

Mr. BURCHARD. There has been nothing that, in your opinion, would have justified you in taking steps to declare the lease forfeited?

Mr. BRISTOW. Nothing that I have been able to see, at all; that is, nothing that comes up to the requirement of the law.

WASHINGTON, D. C., *March 15, 1876.*

HENRY B. JAMES sworn and examined.

By Mr. CHAPIN:

Q. What is your occupation?—A. I am assistant chief of the navigation division of the Treasury Department.

Q. Were you here at the time of the lease of the Saint Paul and Saint George Islands to this Alaska Company?—A. I was in the Department at the time.

Q. Did you have anything to do with that lease; did you know anything of these negotiations?—A. Only as a matter of rumor in the Department. I may say that I was chief of the customs-division at the time. The lease, I recollect, was made in August, 1870. I was appointed chief of the customs-division in the October previous, 1869; but none of the proceedings incidental to the execution of that lease were conducted through the customs-division; they were had in the Secretary's own office, and in that of the Assistant Secretary, and without any of the proceedings being had in the customs-division, so far as I now recollect. I knew it was matter of rumor in the Department. People were discussing that it was going on, and correspondence was had through the customs-division upon the general subject of Alaska, so that I knew the matter was then under process of execution.

Q. Did you have any conversation with the parties concerned, or with their attorneys?—A. Not that I have any remembrance of.

Q. Do you know personally anything about the lease they got?—A. Not about the execution of it.

Q. What do you know of it?—A. My knowledge is confined entirely to the execution of the law since the lease was made.

Q. What do you know upon that subject?—A. I ceased to be chief of the customs-division in August, 1874. Most of the correspondence, if not all, incidental to the execution of the lease was had through the division of which I had charge, subject, of course, to any positive instructions from the Secretary upon matters he saw fit to give directions; for instance, we received the reports of the special agents from the islands, and took action upon such matters as called for action; saw that they did not exceed the proper limits of their maximum number of skins, and all incidental matters connected with the execution of the lease.

Q. Do you know of any instance in which the law has not been complied with and the obligations of the company in good faith executed?—A. I do not.

Q. Have you any information from others that would lead you to believe that the law has been evaded, avoided, or in any form not executed?—A. I have not.

Q. Do you know anything touching the matter of the lease—the negotiations preceding the making and the securing the lease or anything that transpired in the execution of the lease after it was made?—A. Nothing in connection with the execution of the lease; that matter was not within my knowledge.

Q. I mean anything upon either of those subjects that affects its *bona fides* in any respect.—A. None at all. The Secretary of the Treasury requested me to state to him, some time since, some facts in connection with that matter, from my knowledge of the transactions there; and I then stated to him what I knew upon the subject—that, so far as I knew, the company had executed their lease in good faith. I knew of nothing to the contrary. There are four counts taken of the skins, two of which we have as a matter of official record. Our own agents took the count on the islands, and the count was made by the collector at San Francisco, upon which the basis for tax is made.

Q. Do you know anything now touching this lease—the manner in which it has been carried out?—A. My own judgment, based upon the papers that have come before me as matter of official supervision, is, that the company has carried out the provisions of the lease conformably with law, and I know nothing to the contrary officially or otherwise.

Q. Do you know of any efforts of the company to evade the law?—A. I do not.

By Mr. HILL :

Q. You say you received two reports of the number of skins taken?—A. Yes, sir.

Q. From whom?—A. The reports came from the special agents in charge of the islands. Captain Bryant was the head agent. All reports from special agents are filed in the office of which I have charge. Then, as the basis for the collection of the taxes at San Francisco, the report of the collector at San Francisco was filed in the custom-house division and was generally accompanied by a certificate, and the assistant treasurer would tax upon the number of skins shown by his report.

By Mr. CHAPIN :

Q. All the business of this company was done through the office, after the lease was made?—A. Yes, sir; up to August, 1874.

Q. If anything had been wrong in the execution of the lease, so far as applying the law is concerned, should you not have discovered it?—A. Yes, sir.

By Mr. BURCHARD :

Q. Do I understand that you have no knowledge of the execution of the lease?—A. No, not of the execution of the lease.

Q. Have you knowledge of any influence being used to procure the acceptance of the bid of the successful competitor?—A. None whatever; none of those proceedings were conducted through my office, nor did I have any knowledge of them.

Q. You have no personal knowledge outside of your official knowledge?—A. None whatever.

By Mr. KELLEY :

Q. Do you know anything of a Mr. Shirpser?—A. I never heard of the gentleman, that I know of.

Q. Do you know anything of such person having been a party to a proposal for the contract?—A. No, sir, I do not. I know that the bids were called there, and not once during the time the bids have been filed there did I have occasion to go over them, and I do not recognize any name in connection with them except Mr. Goldstone's.

Q. You speak only of the formal bids?—A. Yes, sir.

Q. Do you know anything of a proposal having been made prior to the advertisement for bids by a Mr. Ihrie or other parties?—A. I know there is such a document on file there.

Q. The name of Shirpser does not appear in connection with it?—A. It does not occur to me as having been connected with it in any way. I don't recollect ever having heard the name before in any way.

Q. What is your present position in the Treasury?—A. I am assistant chief of the navigation division; that is, I have charge of matters relating to seizures.

Q. Then, (passing to the business with which you are now connected,) do you know anything of the arrests of persons or seizure of property consequent upon violation of law, or infringements of law, or of the terms of this lease?—A. I have not enough information upon that subject to give the committee any definite idea. I know there is a report in the navigation division upon that subject. The division of our office is such that that particular matter does not come to my desk. I have mentioned that in the division there was such a transaction there, and

that the appraisement of skins seized, which was the basis for the bond, was far below the real value of the skins; I think it was stated in the division, only one-half of the value of the skins. Mr. Lyman, however, the chief of the division, is fully posted upon that particular matter and can give you more information than I.

WASHINGTON, *March 17, 1876.*

DARIUS LYMAN, sworn and examined, testified: I have charge of the navigation division in the Office of the Secretary of the Treasury. I have been in the Office a little over twelve years.

By Mr. BURCHARD:

Question. Have you had any personal or official knowledge of the business of the Alaska Commercial Company?—Answer. No official knowledge of the Alaska Commercial Company as such. It does not come to me in that division.

Q. Have you any personal or official knowledge of any returns made to the Secretary of the Treasury by the company of the number of seal-skins shipped?—A. There are official reports of seizures made which come to my division; any seizures of anything made in Alaska come to my division, and are filed away. I have nothing to do with the internal-revenue seizures; they belong to the revenue division.

Q. Have any complaints or reports ever been made to your division against the company for violations of the customs-laws?—A. There have been no reports made against the company officially by any one, that I remember.

Q. Do you know of any bidders who filed bids for the lease of the fur-seal islands?—A. No, sir; I have no acquaintance with them that I know of. I don't know who the bidders are.

Q. If you have any knowledge of any fact with reference to the business of this company, or their transactions with the Government, state it.—A. I know nothing directly concerning the dealings of this company with the Government, and in my position I should not know it. I know in regard to a seizure of goods made in Alaska, which might indirectly affect the interests of the company and of the Government too.

Q. Do you know anything of the making or execution of the lease?—A. No, sir; it did not come to my knowledge at all.

Q. You had no knowledge personally or officially of the making of the lease?—A. Nothing but the knowledge that the lease was being made, or that it was under consideration in the Department.

Q. Did you see personally any officers, agents, or attorneys of the company, about the time of the making of the lease?—A. No, sir; no one spoke to me in regard to it, directly or indirectly; or if any one did, I did not know that he was connected with the company.

Q. In regard to that seizure what do you know?—A. There was a seizure made of the *San Diego*, a schooner, near Saint Paul Island, on the 27th July last, on board of which were 1,660 fur-seal skins. The *San Diego* was sent down to California and arrived there in August. There, in accordance with the custom of all collectors, there was an appraisement made of the seal-skins on board the vessel. That came to me officially.

Q. Who made the report?—A. The collector at San Francisco, Collector Shannon; I have the report with me.

Q. What became of those skins?—A. It is the duty of the collector,

when he ascertains that the seizure is of a value over \$500, to report it to the district attorney, which he did, and a suit is now pending there against the vessel and against the skins.

Q. Does the report state who were the owners of the vessel?—A. The report gives the name of the vessel, the name of the offender, the property seized, the nature of the offense, the nature of the penalty, the appraised value of the property, and the law under which penalty is incurred.

Q. Does it give information as to where the vessel was cleared from?—A. No, sir; there is another report from the deputy collector at Alaska, transmitting the testimony of the persons who seized it. That also I have here.

Q. Do those reports contain all the information that you have upon the subject?—A. Yes, sir; all that I have officially.

Q. What personal information have you that would be of advantage to the committee in this investigation?—A. I don't know that I have any personal information except what is in these reports.

Q. Do you know the parties named in that report?—A. I only know one of them, that is Mr. Bryant, whose subreport is included in that. He is a Treasury agent in that district. He is stationed during the spring and summer in Alaska.

Q. Was this reported to be a vessel belonging to the company?—A. No, sir; the owner is not mentioned. It was in charge of a man named Herendeen.

Q. Have you any information leading you to believe that those skins were taken from the island of Saint Paul or Saint George?—A. The evidence seems to be very conclusive. They saw this vessel at a distance, near Otter Island, and they sent off a boat, and found the skins on board, and they went to the land and found the dead animals.

Q. Is that island embraced in the lease?—A. I don't know whether it is or not. I suppose the lease covers all the islands adjacent to Saint Paul and Saint George.

By Mr. CHAPIN:

Q. Had the parties taken in that schooner any connection with the Alaska Commercial Company?—A. I have never heard that they had. There is no such charge in that report.

By Mr. BURCHARD:

Q. Have you any information, outside of the reports, tending to show whether these seal-skins were taken by the company or by the company's agents?—A. No. I don't know whether McIntyre was the company's agent or not at the time that he discovered the seizure. There are two McIntyres, I believe.

Q. Is there any one in this city who has any personal knowledge in regard to that seizure?—A. I don't know, unless Mr. Elliott may possibly have some.

Q. Have you had any conversation with any other gentlemen who had, or purported to have, any personal knowledge in regard to the seizure?—A. I have had with Mr. Bryant, the gentleman who made the subordinate report.

Q. If Mr. Bryant gave you any information not embraced in these reports in regard to the capture or killing of the seals, or the seizure of the vessel, or its ownership, state it.—A. Not at all. I questioned him about that. I wanted to know particularly who made the discovery of it, and he states in his report that H. H. McIntyre was the first to dis-

cover it, and that he reported it to him. I think that is the statement.

By Mr. HILL :

Q. Do these reports in relation to the libeling and seizure of the schooner San Diego show what the vessel was valued at, and who made the appraisement, and who gave the bond, and who were the sureties?—
A. No, sir; that is a different thing. When a seizure is made by the customs-officer, it is his duty to appraise it, and the moment he ascertains the value, if it is over \$500, he turns the case over to the district attorney. If it is under that, he must himself proceed to sell. He made that appraisement himself in San Francisco, and the value of the skins is here, as returned by the collector. When it goes to the court, there is a second appraisement made by the court.

Q. When a vessel is seized she is claimed by somebody, usually?—A. The vessel is claimed, of course, by some one.

Q. Does the report show by whom it was claimed?—A. No, sir, it does not.

Q. Do you know whether it was claimed by a man named Parker, and bonds given?—A. No, sir.

Q. Do you know whether the furs were claimed?—A. I only know indirectly, by the fact that it has gone into the district attorney's hands, and bonds have been filed, and the vessel and furs released on stipulation.

Q. How many skins were there on board?—A. He returns 1,550 in his report. When they were first seized there were 1,660; but the return by Mr. Shannon is a little different; probably some of them were spoiled.

Q. How much did they return as the appraised value of those skins?—A. I think it is \$11,550.

Q. Here is a statement that they were appraised at \$3,361.—A. That is the appraisement before the court.

Q. That is the appraisement I am after.—A. That I know nothing of officially.

Q. When the goods were claimed, you don't know how much they were appraised at?—A. No, sir; not officially.

Q. When the claimant comes in and claims the skins, he gives a bond in double the value of the appraisement?—A. He gives the bond required by section 938 of the Revised Statutes, whatever that may be.

Mr. HILL. That is a bond of double the value of appraisement?

The WITNESS. I don't know.

Q. And then he takes the skins?—A. He takes the skins and the ship, too, and the Government pursues the prosecution on the bond.

Q. That is the Government's only remedy?—A. Yes, sir.

Q. If the bond is only half the value of the skins, the Government gets only half damages?—A. That is it.

Q. And if it should happen that the party claiming manages to get a low appraisement.—A. Then the Government would be cheated, of course. That does not come to me officially. I have nothing to do with it.

Q. Is there no one here who can tell us what that appraisement before the court was? Here is the report made by Mr. Bryant.—A. Yes, that is really part of the report made by the collector in Alaska.

By Mr. BURCHARD :

Q. Have you charge of the registration of vessels on the Pacific coast?—A. No, sir; that is in the hands of the collector, to issue the papers. They are reported to the Register of the Treasury.

Q. Have any papers been submitted to you in regard to the registration of the steamer Fidelity, which is alleged to be a foreign-built ship, running in the Pacific coast waters?—A. I had something to do with the Fidelity, but I cannot remember now what it was.

By Mr. CHAPIN :

Q. Has there been any claim to your knowledge that the Alaska Commercial Company have been remiss in fulfilling their duties under the lease?—A. There has never been any charge made by any special agent against the company, that has come to my division, or anything in any shape. It could not come to me of course unless there was something official.

By the COMMITTEE. (At the suggestion of the counsel for the Alaska Commercial Company :)

Q. Are not a man named Herendeen and I. Shirpser connected with the San Diego?—A. On the official report, E. Herendeen is returned as the master of the vessel that had the seized skins on board. I have not heard the name of Shirpser in connection with it.

Q. Do you know, or have you heard, that a man of the name of I. Shirpser testified before the court, or the district attorney, after the seizure, as to the value of those skins?—A. No, sir; I have just seen it in the papers.

WASHINGTON, *March 17, 1876.*

HENRY W. ELLIOTT sworn and examined, and testified.

I reside in Cleveland, Ohio. I am an artist.

By Mr. CHAPIN :

Q. Have you any knowledge in relation to the Alaska Commercial Company's lease from the United States? If so, please state what it is.—A. Yes, sir. My knowledge was acquired in company with an agent of the Treasury Department. My experience covers three seasons on the seal-islands. In the winter of 1872-'73 a bill was pending before Congress, framed by Mr. Boutwell, providing for the establishment of four Treasury agents on the seal-islands. Professor Baird, of the Smithsonian Institution, was very desirous that some one should be sent from the Smithsonian to study the life and habits of the seals. He saw Mr. Boutwell and obtained from him permission to nominate a man whom he should appoint as one of the assistant agents. Professor Baird selected me. I received the appointment from Mr. Boutwell, and landed on the island of St. George April 28, 1872. I went up there with the special charge of studying the lives and habits of the seals. The question was an exceedingly interesting one, about which scientific men had no special data, and therefore Professor Baird's interest in it. I immediately went to work on the grounds from the date of my landing, and I soon found that the subject was one which could not be settled, as I had thought it could, satisfactorially to myself in one season. I accordingly remained over and spent the season of 1873 on the sealing grounds on the island of St. George in order to compare my observations of that season with those of the seasons previous. I at once saw that whatever I stated in regard to this matter would be subjected to criticism, and I thought it necessary to be very thorough in my examination of the subject before I made a report upon it. I returned from the islands in 1873, I think, the 8th of September. Having

finished the work for which I went up there, I handed in my resignation; having no desire to remain in the service of the Treasury Department as an agent. In that winter of 1873 I expressed to Mr. Richardson and my friends here, a great desire to go to the coast of Asia to visit the Russian seal-islands in order to complete and extend my work begun on our own islands. Mr. Richardson said that he had no authority to send me; that I could go only by authority of Congress. Accordingly I drew up a bill authorizing the Secretary of the Treasury to gather authentic information on that subject, and it was introduced by my friends, was referred to this committee before which I appeared, (Mr. Dawes being the chairman at the time,) and referred also to the Committee on Commerce, before which also I appeared, was reported favorably to the House, and approved on the 22d of April, 1874. I immediately received my commission and set out in May, with an associate provided for by an amendment in the bill; the Secretary of the Treasury putting the revenue-cutter *Reliance* at our joint disposal. We, in visiting other places, paid special attention to the seal-islands again this year. I especially wanted to visit them at the height of the breeding season. We were there twenty-eight days, until Lieutenant Maynard having expressed himself thoroughly satisfied with his investigation of the subject, we set sail for St. Matthew's Island, and after exploring that and St. Lawrence Island, we returned by way of Oonalaska to San Francisco, and submitted our reports to Secretary Bristow. A few days after mine was submitted, Lieutenant Maynard submitted his report, the contents of which I knew nothing of until lately, when it was sent to Congress in obedience to an order of the House.

Q. On how many islands are the seals taken?—A. They are taken by law on two islands; they can be taken on three. The seal islands are known as the Pribilof group, so named after their discoverer, a Russian, who discovered the islands in 1786. They are situated in the heart of Behring Sea, about two hundred miles from the main-land, and the same distance from the nearest island, Saint Matthew's. They are completely isolated. Saint Paul and Saint George are the only islands. There is also a little islet called Otter Island, six miles to the southward and westward of Saint Paul, and another called Walrus Island to the westward and southward of the northeast point of Saint Paul. Otter Island is resorted to by very few seals, perhaps six or seven thousand, non-breeding, every year. It has been, in times past, farmed or hunted over by the Russians. They occupied it during the sealing season, and used to take three or four or five thousand skins every year. The natives were disposed to go over there more on account of the birds' eggs than on account of the special value of the islands as sealing-grounds; but since the Alaska Commercial Company have leased the group they have not been disturbed there until last summer, when a little vessel went up and was caught pirating.

By Mr. HILL:

Q. What do you think is the present prospect of increase or decrease in the fur-seals at those islands?—A. That was a subject that early aroused my curiosity, and to which I gave a great deal of attention. Indeed, it was the main question that kept me there the second year. My observation would go to show that, as matters are now conducted on the seal-islands, the killing annually of 100,000 young males, over two years of age and under five, has not the slightest effect on the increase or the diminution of the seals. My reasons for it are as follows: The seals are polygamists by nature. Out of a million seals born there every year,

one half, or more than one-half, are females. While there on the islands, the pups (so called) are subjected to no loss from natural enemies, so far as I can see; but perhaps one per cent. of them may die in the surf or be crushed by their parents. They leave the islands in the fall, about the middle or end of November, and they do not land again on any island until the following year, in June or July, when they are known as yearlings. My observations lead me to believe that while they are absent in the winter in Behring Sea and the North Pacific, in search of food, they are subjected to the attacks of known natural enemies, the killer-whale for one, a cetacean; from the stomach of one of which animals over fourteen of these young seals were taken, off the coast of Labrador, according to the report of Michael Carroll. Then, there is a large blue shark which frequents the waters of the North Pacific, south of the Aleutian Islands, ranging from Japan to the coast of America. The seals are preyed upon by these enemies to such an extent that, when they return to the Pribylov Islands, I should say fully one-half of them are destroyed; that is, out of 1,000,000, not over 500,000 re-appear the following year as yearlings. Out of that 500,000, 250,000 are females, and the same number males. They herd in troops together; they do not go on the breeding-grounds that year, and they disappear in the fall, in September, October, or November, and the next year when they re-appear the females are two years old, and they never go on to the hauling-grounds at all, but go directly on to the breeding-ground. The young males go off by themselves; the old ones on the breeding-ground will not allow them to land. I estimate that out of that half million, (two hundred and fifty thousand of them being males,) not more than two hundred and fifty thousand return the next season, which still leaves that number of surplus males, as it were, to grow up, and, after they arrive at the age of two years, they are very agile and well able to take care of themselves, and the death-rate must be very small. Therefore, the killing of one hundred thousand of those surplus males annually still leaves a large margin of surplus male-life to grow up. Now, in view of the polygamous nature of these animals, that is largely in excess of the males required for service on the rookeries, because, according to the natural law of distribution in the rookeries, one male serves fifteen or twenty females; and, as we leave one male for every two females, the killing of one hundred thousand young males annually cannot have the slightest effect in diminishing the aggregate number.

Q. If this fur-seal business were opened to free trade and no restrictions as to the number to be taken each season made by the Government, what do you think would be the consequence?—A. There is not the slightest doubt in my mind, from my knowledge on the subject, that at the end of the third year there would not be a seal on the ground. The business would be destroyed. Here are the reasons: If those islands were opened to free trade not less than a hundred, or perhaps five hundred, vessels would go up there every year from San Francisco and from other ports, and even if they did not kill a seal on the islands for two years, and those vessels were permitted to go up there and anchor around, they would have to be constantly shifting from side to side of the islands, passing and re-passing these rookeries, (for vessels have to hug the land close there to keep out of the swell), and the consequence would be that the harassing of the breeding-seals would drive them away. The females are exceedingly timid. The males are very bold, and will not leave unless driven off, but the females will. I, myself, unaided, could drive every seal off that island in two years, without killing one.

Q. You think, then, that all the provisions in relation to the exclusion of persons not authorized by law to engage in the business are wise?—
A. I think they are wise.

Q. You think that the noise, confusion, and interference with those seals which would result from the presence of so many vessels would have a tendency to drive them off?—A. I think the action of Congress in the matter is fully justified by the condition of affairs on the islands. I think it is the only proper way to preserve the supply of those animals and derive a large revenue from them. I have had ten or fifteen different propositions presented to me, and after discussing and considering them all in the light of the facts within my knowledge, I can fairly say that I know of no scheme so practicable as the one now in force.

Q. You were on the islands how long?—A. From the 28th of October, 1872, until the 10th of August, 1873, consecutively. I was on the islands of Saint Paul and Saint George during that time? I re-appeared on the islands on the 5th of July, 1874, and left them on the 4th of August, 1874.

Q. Did you seek, by inquiry and observation, to inform yourself of the condition of the natives there?—A. Yes, sir; and to more thoroughly do that, I studied the Russian language, and acquired sufficient knowledge of it to converse with them, and to read and write it, and I am free to say that those people have talked to me in a very independent, and, to my surprise, a very intelligent manner.

Q. What seemed to be their feelings toward the lessees?—A. Their feeling, independent of their testimony to me, is one of gratitude and thankfulness.

Q. Did they seem to be satisfied with the treatment they received from this Government?—A. Yes, sir; and they have so expressed themselves in a series of annual letters written to their bishop in San Francisco. They are all Christians, you know, members of the Greek Catholic Church, and they make an annual contribution for its support, and a very substantial one, too, some six or eight thousand dollars a year. That is always accompanied by a letter or letters from those people to the bishop in San Francisco, and you will find in those letters on his files expressions of their gratitude, and of their greatly improved condition. At first, when I went up there, I wondered why the company should voluntarily offer to build houses for the people, but on looking into the matter I saw in it a very wise policy on the part of the company. It is this. When the Russians had possession of the islands they treated those people as they would treat so many dogs. The natives lived in hovels, and when they were required to work they were brought out at the word of command, or sometimes with blows; this I had from the people themselves. They lived in damp, unhealthy dog-holes, you might call them, and indeed the Russian agents themselves lived in a sort of cow-house when the transfer took place. The men, therefore, had no pith or backbone, no energy in their work, and they were all summer taking the catch of 100,000 seals, instead of taking them in their prime condition, within twenty-eight or thirty days, as they do now. The company, therefore, by putting the people into good houses, treating them well, and giving them some idea of manhood and self-reliance—and I may say that there is not a record of a cross or ugly word spoken to the natives by the representatives of the company since the granting of the lease; at least, the natives have told me so, and there was nothing of the kind while I was there—the company, by treating them in this way, keeps them in good condition, so that they are able to pitch into the work when the seals come, and take the whole catch in from twenty-eight

to forty days, according to the season. They could take the whole number in twenty-eight days if the season admitted, but sometimes the seals are not fit to drive, and then they have to lie over for a time. What is the object of taking them within this short period? It is this: The company get their 100,000 seals in prime condition. After the seal has been out three or four weeks he begins to shed his hair, or his fur, and every day after the third week that he remains on land his skin deteriorates in value; so that those skins taken by the Russians in September and October were really worthless in the London market, compared with prime skins. Therefore, this company, by putting the people into more comfortable houses, and treating them well in every respect, have them in good condition to do the work at the right time, and their seals go to London all prime, and, instead of fetching a low average price, the average is high. That is the whole secret of it, and you will see at once that it is a very wise policy. The natives are perfectly free to work as they please. The system of labor is briefly this: The natives elect a chief and two subordinates; they have a time-keeper and a tally-keeper, and when the sealing season opens the men get together and the chief goes to the company's agent on a certain morning, and asks if he is ready to go to work. The company's agent says, "Yes, in your judgment, go ahead;" and from that time on until the 100,000 seals are taken the agent of the company never speaks to those men. The work is done by the men, under their own chief, and the tally is kept by their own tally-keeper. The company's agent at the salt-house also has an account of the seals taken, and the Government agent has an account. The people have their account in a set of books which they keep, and keep very beautifully, too; the company's agent keeps his books, and the Government agent his. The natives understand the law in regard to the limitation of the number to be taken just as well as the Government or the company do, as it has been translated for them, and as soon as the 100,000 are taken they have a general settlement. They say, "Here, we have taken a hundred thousand seals; now we are ready for a settlement." The company's agent looks at his books and says, "Yes, you are right." The Government agent looks at his books and sees that it is all right, and the whole thing is settled on that basis.

Q. While you were on the islands were you free to observe everything that occurred?—A. Yes.

Q. State whether you observed that the Commercial Company was in the habit of furnishing spirituous liquors to the natives.—A. No, sir. On the contrary, I was obliged to complain of the Government agent in that respect. The only liquor furnished at that time was furnished by the Government agent, and the company's agent came to me and protested against it.

Q. What is the effect of furnishing the natives spirituous liquor; are they fond of it?—A. Very fond. They would sell their souls and bodies for liquor.

Q. Then it is very important to keep it away from them?—A. Yes, sir.

Q. What do you think of the propriety of allowing persons not under the control of the Government to engage in trade with those natives?—A. I do not think it would be good policy. I do not see exactly how it could work with harmony and propriety.

Q. In the first place, are there enough natives there to make such trade an inducement?—A. No, sir.

Q. Then you think that persons who would ask to be permitted to trade on the islands would have some other motive than that of simply

furnishing goods to the natives and obtaining the profits of legitimate trade?—A. They would be obliged to live.

Q. What is your recollection as to the number of natives on those islands?—A. There were about two hundred and twenty-four or two hundred and twenty-five on Saint Paul in the summer of 1874, and about one hundred and thirty, I think, on Saint George. I have stated the figures exactly, however, in my report.

By Mr. CHAPIN:

Q. Is their number increasing or diminishing?—A. Previous to the present order of things the number used to regularly diminish. The unhappy condition in which the people lived was such that the birth-rate was less than the death-rate, and every year or two the Russians would have to go off to the Aleutian Islands or to Kodiak and get recruits; but for the last three years the birth-rate has been somewhat in excess of the death-rate, and I am inclined to think that, with their improved sanitary condition, the people of the islands will at least hold their own.

Q. Are there any other industries there except the seal-fisheries?—A. The character of the islands forbids it. The climatic conditions which prevail there forbid the raising of crops of any kind, and the keeping of stock is impracticable because you cannot cure the coarse grass that grows there, and the islands being mere volcanic breccia and rocks, there is no mineral wealth whatever; therefore, with the exception of these seals, the natives have no other means of support whatever, and that makes them exceedingly watchful and jealous guardians of the seals. They do not know anything but seal; they do not think anything but seal; they do not talk anything but seal, but on that subject they are quite intelligent naturally. I found them so in the course of a protracted intercourse.

By Mr. HILL:

Q. Among the regulations of this company is one in which they profess not to *compel* the natives to work; what have you to say about that?—A. They never have done it, and the natives understand that as well as we do. The people work or not, freely, just as they please.

Q. Do they ever complain of not getting their wages?—A. No, sir; because they divide the whole sum among themselves, and if they complain at all it is among themselves. The company say to them, "We have authority to take so many seals on these islands, and when you have taken them we will pay you 40 cents a skin." The agent of the company pays the whole amount over to the chief, and he divides it among the workmen according to their ability, &c.

Q. The company profess to furnish the natives with such goods as they need, at a reasonable profit, not above twenty-five per cent.—A. I have gone among the natives and questioned them as to prices of articles, boots, shirts, cloth, &c., and I have found on comparison with San Francisco rates, that in many cases they had bought them on the islands at less than I could have bought them for on Montgomery street.

Q. Did you notice whether there was a sufficient supply of the things that the company profess to furnish gratis, oil, fuel, and salmon?—A. Yes, sir; there was. The salmon is vastly in excess of their needs; they do not consume half of it.

Q. Who supports the infants, invalids, widows, and those who are too old to work?—A. The company supports them. They build houses for them, and feed them and clothe them. When I was there, there

were four or five such families supported by the company, and they are always on the increase, I presume.

Q. Suppose any of the inhabitants want to leave the islands?—A. They can go on the company's vessels whenever they announce their desire.

Q. They can go free on the company's ships?—A. Yes, sir; free. They can go to Oonalaska, or, if they want to go clear down to San Francisco, they can go.

Q. Then your opinion is that this arrangement not only preserves the seals and seal-fisheries, and therefore, the trade and revenues of the United States, but that it is really a benefit to the natives?—A. It is unquestionably a benefit to the natives. Their physical condition has been improved vastly from what it used to be. I know that, from the light of the Russian records which I have translated, and codified, I might say.

Q. Do you know anything about the use of fire-arms on the islands?—A. Yes, sir; when I went up there I got a special permit from the Treasury Department, as a naturalist, to use a shot-gun, but the natives are not allowed to use fire-arms, unless when the seals are off the islands. Then they are allowed to use them to shoot birds, &c., but the minute the seals make their appearance the natives give up their fire-arms to the Government agent, and do not handle them again while the seals are there.

Q. Are there any dogs kept on the islands?—A. No, sir.

Q. You made an elaborate report to the Government of your visit and your observations and conclusions there?—A. Yes, sir.

Q. Do you affirm that report to be correct?—A. I do, sir. I am ready to substantiate every statement in it. Every statement I made there, I am ready to re-affirm under oath.

Q. What is the character of the waters about those islands, dangerous or otherwise?—A. Exceedingly hazardous for a sailing-vessel and very far from comfortable for a good steamer. There are no harbors, nothing but roadsteads, and when the wind blows from the north and east the vessel has to lie on the south side of the island, quite close up in order to avoid the swell coming around from the two points, for it is only a little island twelve miles long by four wide; and the minute the wind hauls the steamer has to go around.

Q. It is a foggy region, is it not?—A. Yes, sir; the sun shines about one day in twenty during the summer.

Q. What is the effect of killing one hundred thousand male seals per annum? Does it tend in any way to decrease or diminish the number of seals.—A. As I have before stated, it does not.

Q. Are the female seals ever disturbed either on the breeding grounds or elsewhere?—A. No, sir, they are not, nor have they been for the last fifteen years.

Q. What are the known natural enemies with which the seals have to contend, and what influence will those enemies have on the increase or decrease of the seals?—A. I have answered the first part of that question. In regard to their influence on the increase or decrease of the seals, I think they have the effect of maintaining the equilibrium, so to speak, of seal-life on the islands; that is, they keep it at its maximum in a state of nature.

Q. Have we any guarantee that these seals will return without fail every year to the hauling or breeding grounds?—A. No, sir; we have not. They can be driven off; and, moreover, we know from certain experiments instituted early by the Russians, by cutting off the ears of

the young animals taken on St. Paul, and finding them two or three years afterward on St. George, that they do not necessarily return to the same place; and it is not improbable that if the same careful scrutiny could be exercised on the Russian Islands, the same would be found true there. I am not certain that they return infallibly every year to the place of their birth. I am inclined to think that they only return from an instinctive sense of the fitness of the whole land, and that they have no special regard for certain particular places.

Q. What constitutes the Pribylov group?—A. The Pribylov group consists of the main islands of St. George and St. Paul; St. Paul being twenty-seven miles, in an air-line, northwest from the western point of St. George. There are no islets or rocks around St. George; it is a clean, bluffy coast, with a very small area fit for the landing of seals. St. Paul has an islet known as Otter Island, or rather islet, about a mile in length and half a mile in width, bold and bluffy, lying within six miles south and southwest of the reef-point on St. Paul. There is also another little islet known as Walrus Island, six miles to the southward and eastward of the northeast point of St. Paul. Then there is a tiny rock close up to the reef-point of St. Paul, not a pistol-shot from the shore. These constitute the Pribylov group leased to the Alaska Commercial Company according to the law of 1870.

Q. What other islands than those are resorted to by fur-seals in the North Pacific and Behring's sea?—A. There is a small rocky islet known as Robbins' Reef, in the Curiel group, north of Japan, and two large islands, known as the Commander Islands, Behring and Copper, specifically, owned by the Russians, lying off the coast of Kamtschatka, 700 miles westward, in an air-line from the Pribylov group and about 150 miles to the eastward of the coast of Kamtschatka. Behring Island is about that distance to the eastward of the coast, and Copper Island about 50 miles east of that. These two islands constitute the chief resorts of the seal outside of our own islands. I am informed that the company which leases those islands gets 25,000 or 30,000 skins a year there; but of that I have no positive knowledge. Those islands, therefore, must be much smaller in area of seal-life than our own islands.

Q. Has the Alaska Commercial Company ever been molested or interfered with since it took possession under the terms of its lease in August, 1870?—A. No, sir; not until last summer, according to my information, when a small schooner, the San Diego, fitted out at San Francisco, and went up to Otter Island, tried to hide under the bluffs, and got some 1,600 seal-skins on board before she was discovered. She was seized by the Treasury agents, brought down to San Francisco and libeled, and the records will show what has been done since. That is the only case of molestation that I know. Those seals, of course, are clearly under the protection of the Government, and anybody disturbing them must molest the lessees.

Mr. HILL. You have suggested a question which I do not care to ask you, as it seems to be a question of law, in regard to the power of the Secretary of the Treasury.

The WITNESS. What I desire to say in regard to that is that he should have more power in one respect than he now has. According to a clause in an appropriation bill, it is made an impeachable offense for a Secretary to incur any expense not specifically appropriated for. Now if he wants to send a vessel up to those islands, he can start her from San Francisco or Port Townsend with as much coal on board as she can carry, but before she gets to the seal-islands her coal will be exhausted and she will be practically helpless. Therefore, I think the Secretary

of the Treasury should have some provision made by which he could purchase coal so that he could have it sent up to Oonalaska as a reserve. At present he has theoretical control, but he is practically powerless.

Q. What is the derivation of the natives of the Pribylov Islands?—A. They are derived originally from the Aleuts of Oonalaska, and some half-breed Russians, and also some full-blooded Russians, mostly Siberians, taken over there in 1786, or 1787, by the different trading companies, and carried backward and forward for a number of years, and then, when the islands were turned over to the Russian American Company, they colonized them, as it were, with about 137 of these Aleuts and half-breeds, and from them the present native race is descended; but it is proper to say that to-day not over one-third of the people on the islands were born there.

Q. How do they live?—A. They live very much as our colored people do. They are pious, docile, amiable, and they have a certain amount of independence, and a very fair share of intelligence. The men nearly all of them read and write. They nearly all talk the Russian language. Their own language is the Aleutian, in which they converse the major portion of the time. They are living, at present, each family in a frame house about 20 by 11, divided off into a couple of rooms, with an outside hall in which they keep their fuel and supplies. The house is warmly sealed, and divided into a living-room and a bed-room. The families average about three or four persons. There are some sixty-two families on Saint Paul, and about eighteen or twenty on Saint George.

Q. Have those people given any expression in regard to their own views as to their condition under the terms of the present contract? Can they express an opinion other than through the agents of the Government and those of the company?—A. Yes, sir; as I have said before, they annually write to their bishop, through their priest, or directly themselves, their views, and on his files at San Francisco you will find their letters on record.

Q. How are they controlled and directed in regard to their service?—A. That, I believe, I have explained, that it is done entirely by their own volition, under rules of their own making.

Q. Has Otter Island ever been inhabited?—A. It was inhabited by the Russians ten or fifteen years ago for a period of years, and during a period when they had a scarcity of seal-life in 1836 and 1837.

Q. Who was connected with the schooner San Diego?—A. I only know from the newspapers: It was commanded by a Captain Herendeen.

By Mr. BURCHARD:

Q. Were you in Washington at the time that the lease was executed?—A. Yes, sir, I was; but I knew nothing of it. I hardly heard of it. I knew it was going on, but I was very busy with other matters at the Smithsonian, and I scarcely thought of it.

Q. Do you know of any influence being used upon any officers of the Government to procure the acceptance of this company's bids, or the execution of the lease to them?—A. No, sir. As an officer of the Government I have sought for and sifted a great many statements on that subject, but never have been able to find the first thing that would give me any foundation whatever in making a report to the Secretary of the Treasury of that character.

Q. Do you consider the stipulations of the lease favorable to the inhabitants of the islands, and that they protect the interests of the United States?—A. Yes, sir.

Q. Has your attention been called to that subject?—A. Yes; I have made it a special study. I have carefully considered it from half a dozen stand-points.

Q. Can you suggest to the committee where any additions could be made to the regulations of the Treasury Department that would be fair to the company, and more favorable to the interests of the inhabitants?—A. No, sir; not from the experience which I have had.

Q. Have you any knowledge of any violation by the Alaska Commercial Company of the provisions, regulations, and limitations of the law of Congress?—A. I have full knowledge that they have not violated a single one of those conditions.

Q. Can you state it as strongly as that?—A. Yes, sir.

Q. You have no knowledge of their violating any of them?—A. To my knowledge they never have done so. And, furthermore, I rise to a personal explanation with regard to certain statements which have been made about my connection with this business, which are based almost entirely upon a pamphlet purporting to have been published by the "Anti-monopoly Association," of San Francisco. The authorship of that pamphlet I early ascertained. I called the Secretary's attention to it last spring. I told him that no living man could come forward and swear to the contents of it, and I left it with him with that statement. He sent out an agent, who left here in May, and spent a month or six weeks in San Francisco, specially charged with looking up these matters. He found the professed author of the pamphlet. They refused to go under oath and make those charges good. This was written by a certain Bernard Bendel, and one Honcherenco, the editor of a little newspaper called the Alaska Herald, which started into existence immediately after the granting of this lease. This little semi-monthly sheet was filled with the most extravagant falsehoods in regard to the company, and the company have abundant proof that the whole object of this man is to black-mail them, for he has approached them time and again to be bought off. Bendel came down from Alaska in the fall of 1872, and went before the Agassiz Institute, and in the proceedings of that institute you will see that in two set lectures he expressed the most fulsome praise of this company, and purported to give a history of the lease, and of the company's working under it, in which he said that it was all perfectly square and proper; yet a year after that this pamphlet appeared, of which he is the author, according to his own confession, and either he lied most shamefully in his set speech before the Agassiz Institute, or he has lied shamefully in this pamphlet; either horn of the dilemma is equally bad for Mr. Bendel.

By Mr. HILL:

Q. You are connected with the Smithsonian?—A. I am an associate of the Smithsonian. They give me a room where I sleep, and a working-room, in return for my voluntary services as a collector.

By Mr. BURCHARD:

Q. The charge is made that the Alaska Commercial Company are maintaining a large distillery there. What knowledge or information have you in regard to that?—A. None whatever. On the contrary, so far as the company are concerned, I don't believe they ever countenanced anything of the kind, much less set it up.

Q. They are charged with flooding Alaska with liquor put up in bottles to simulate Florida water, and using it as a means of controlling the natives.—A. The facts are these: The natives are exceedingly fond of

perfumes, (there may be some reason for it when they have to handle seal-skins,) and the agent of the company at first wondered why they wanted so many bottles of Florida water, as the small supply provided was exhausted almost as soon as opened; so he instituted inquiries and discovered that they were in the habit of drinking it. The books of the collector at San Francisco will show what quantity of Florida water has been taken up to the seal-islands.

Q. The company are charged with using Government vessels in the interest of the company, and it is stated that Government agents publicly advertise themselves as agents of the company, and the agents are referred to as the witnesses by whom these facts can be proved. You having been an agent, I should like to have your knowledge on that subject.—A. I shall consider it a very great favor if the committee will allow me to confront any man or men who say that they are able to prove that statement.

Q. The agents are charged with setting up public notices, of which it is alleged copies are now extant, signed by the agents, directing the people under penalties to trade with the company.—A. I have every reason to believe that to be false.

Q. Do you know anything about any such notice?—A. I heard these charges and I sifted them, at Oonalaska especially, in the company of Lieutenant Maynard, and I found them to be false.

Q. You say you have no knowledge of such charges being true?—A. I have no knowledge and no idea that they are true.

Q. They are alleged to have pillaged the private property of the persons owning the schooner Eustis, and to have made only partial restitution.—A. Of that I know nothing; I never heard of it before.

By Mr. CHAPIN:

Q. Do you know where the skins were taken that were found on the schooner San Diego?—A. They were taken on Otter Island, one of the leased group.

WASHINGTON, *March 15, 1876.*

GEORGE P. IHRIE sworn and examined.

By Mr. BURCHARD:

Question. Please state your residence and position.—Answer. I was formerly a paymaster in the United States Army, and am now residing in New York City.

Q. During the time that you were in the military service were you at any time stationed on the Pacific coast?—A. Yes, sir; in the latter part of 1869 and greater part of 1870 I was stationed in Sitka, Alaska, a paymaster for the purpose of paying United States troops in that domain.

Q. During that time did you visit other posts in Alaska?—A. Yes, sir; I visited all the military posts in Alaska, including the two fur-seal islands of Saint Paul and Saint George, where detachments of artillery were then stationed, they being military reservations.

Q. Did you make yourself familiar with the habits of the fur-seals and with the business of taking the seals?—A. Yes, sir; I went to the fur-seal islands with that object in view, as one of the staff of General Jefferson C. Davis, the commanding general of the department. While there he and I, through an interpreter, visited, inspected, and conversed with the principal Aleuts of Saint Paul Island, the men who do the kill-

ing of the fur seals, the skinning of them, and deliver their skins at the salt-houses.

Q. Have you examined the lease made by the Secretary of the Treasury to the Alaska Commercial Company?—A. Yes, sir; I have read it.

Q. Do you know of any bids being made by other parties than the Alaska Commercial Company for the lease of the islands?—A. I know of other bids having been made under the advertisement of the Secretary of the Treasury, which I have read in Executive Document 108, House of Representatives. So much for bids. I am personally cognizant of a proposal made some four or six months before this advertisement for bids in which I was interested.

Mr. JEFFREY, counsel for the Alaska Company :

On that branch of the subject, if the committee please, I simply want to note an objection to any testimony as to any proposition or bid before the passage of the law authorizing the lease or the bidding, it being beyond the scope of the resolution under which the committee is acting.

Q. In your judgment what advantages, if any, would the bids of other parties have secured to the United States above the advantages secured by the bid accepted by the Secretary of the Treasury?—A. It is my recollection that the bid of the present president of the Alaska Commercial Company offers \$65,000 a year for the lease of those islands, or as much as the highest bidder. Mr. Goldstone, representing other parties—

Mr. JEFFREY objects to this line of examination, unless this witness is called as an expert for the purpose of determining which were the best bids submitted to the Secretary of the Treasury. The committee have the bids and can judge for themselves. The law directed the Secretary of the Treasury to act upon his judgment, and unless it is charged that he acted corruptly, his action is final as to the letting.

The WITNESS. The bid of Mr. Goldstone for the lease of the islands is \$262,500 per annum for the privilege of killing not to exceed 100,000 male pups; \$55,000 for the rental of the islands; that makes a sum total of \$317,500. He also proposed to pay 55 cents per gallon for the seal-oil that he may take from those fur-seals. Those Aleuts who kill those fur-seals told me, through the interpreter, that they would yield from one to three gallons per seal. The number of gallons is not fixed in this bid of Mr. Goldstone; but it is to be presumed that when he offers 55 cents a gallon for that oil he proposes to take some. Hence, their bid is \$317,500 per annum plus 55 cents per gallon for every gallon of fur-seal oil that he takes. They were prepared to enter into that contract. Their bid is on record. Hence, so far as the *bids* are concerned, it strikes me that that offer of Mr. Goldstone is better than the award of the contract to the present Alaska Commercial Company.

Mr. JEFFREY renews his objection, and asks that this be stricken out.

Mr. KELLEY moves to reserve the question for the full committee. Agreed to.

The WITNESS. So much for the *bids*. The *proposal* that has been objected to is even better than the bid of Mr. Goldstone.

Q. Have you examined the lease as to the stipulations respecting the interests of the United States?—A. I understand the lease to be in the interest of the United States.

Q. Has your attention been called to the lease, and especially to that part of it relating to the protection of the interests of the United States?

—A. I cannot answer that satisfactorily. I do not exactly comprehend the full force of your question.

Q. The law required that the Secretary of the Treasury in executing this lease should have due regard to the interests of the United States, the interests of the inhabitants, &c. ?—A. Yes, sir. I have not given my particular attention to that.

Q. You are unable to call the attention of the committee to any neglect in the lease on the part of the Secretary of the Treasury to guard the interests of the United States properly ?—A. Yes, sir ; but I don't think that falls under the lease. I think that would come more properly under the advertisement for proposals.

Q. What have you to say upon that subject ?—A. There was not sufficient time given between the advertisement for proposals and the opening of the same. The advertisement was the 8th of July, 1870. The bids were to be opened on the 20th of July, 1870, giving but twelve days to hear from the citizens of the United States, or any parties interested in that line of business, directly or indirectly, to make proposals. It was impossible, for instance, to reach Sitka in twelve days ; you could not reach San Francisco by letter and get an answer by letter in twelve days. You cannot do it in less than fourteen to-day. You could only reach San Francisco and Portland, Oreg., where there are men engaged in this fur business, in fourteen or twenty days.

Q. Then, do we understand that, in your judgment, the lease was executed too soon after the passage of the law ?—A. Entirely too soon, sir. It was unjust. It was taking snap-action on parties who had a right to make proposals or bids.

Q. Do you know of any parties that were prepared to make offers who did not bid ?—A. Yes, sir. The same parties that made that proposal six months before the advertisement for those bids were prepared to put in a proposal.

Q. Of your own knowledge, can you say that they would have made a better offer than was made ?—A. I certainly do ; positively, sir ; being one of the parties interested. We were in Sitka, Alaska, and could not possibly communicate with the Government short of forty or sixty days, and yet but twelve days were given by the Secretary of the Treasury for the advertisement, the receipt, and opening of the bids.

Q. Have you any information in regard to the performance of the stipulations of the lease on the part of the Alaska Commercial Company ?—A. Well, sir, I have heard charges made, but I am unwilling to believe them. I believe that the present company, under its gallant and accomplished president, whom I regard as an honest man, are performing their part of the contract to-day honestly and in good faith. They certainly are too wise to kill the goose that lays the golden egg.

Q. Do you think the number that could be killed annually could be increased without detriment to the United States, or to the preservation of the seals on the islands ?—A. It was the judgment in 1869 and 1870 of the Greek priests whom I consulted, of the Russians and the Russian interpreters whom I consulted, and of the Aleutes whom I consulted, that 100,000 seals was the maximum number that ought to be killed per annum. That was the generally-accepted maximum in Alaska. That is my own judgment, based on personal investigation and investigation through the channels I have just mentioned.

Q. If you have any other knowledge or information upon this subject pertinent to our inquiry, you may communicate it to the committee.—A. If so humble a person as myself, with ordinary intelligence, may be permitted to express a judgment on a law-point, it is my judgment that

the bid of General Miller is illegal, and ought not to have been entertained. That is my individual judgment. I will state, in that connection, that in the first year of the late rebellion General Halleck, in Saint Louis, threw out a bid for corn made under somewhat similar terms. The bidder offered so much a bushel or a pound for this large corn-contract, plus $\frac{1}{8}$ or $\frac{1}{10}$ of a cent less than the highest bidder. I was there, and heard the bids read. That bid was rejected by General Halleck as being illegal.

Q. Your opinion is based upon the manner in which the bid was made?—A. Upon the wording of the bid. To offer a certain sum, or as much as the highest bidder, strikes me as clearly illegal. The second and strongest objection I wish to urge on this committee is that there was not sufficient time between the invitation for proposals and the opening of the same.

Q. It is the manner in which the bids were framed and the short time that was allowed for presenting bids that you object to?—A. Yes, sir; those are the strong objective points which I would urge upon the consideration of this committee; but most particularly that there was not sufficient time given.

Q. Were the twelve days you speak of the whole time between the issuing of proposals in this city and the reception of bids here?—A. Yes, sir; between the issue of the advertisement and the opening of the bids.

By Mr. CHAPIN :

Q. It was not advertised in San Francisco on the 8th of July?—A. Not to my knowledge; but was in this city. To have reached Alaska by letter (there is no telegraph there) and receive an answer would have taken pretty nearly three months. I can demonstrate that to you if you wish.

By Mr. BURCHARD :

Q. Is there not frequent communication between Alaska and San Francisco, or between the different points in Alaska?—A. Once a month between Portland, Oregon, and Sitka, Alaska.

Q. Between Portland and other points?—A. No, sir; Sitka, only.

Q. Is there no communication along the coast from point to point?—A. No, sir; none, except by little trading boats or sloops. I think the mail-matter for Western Alaska reaches there entirely through the courtesy of this company. I don't like to repeat charges that have been made to me, because I cannot believe them, and I cannot indorse nor prove them.

By Mr. KELLEY :

Q. Is it within your knowledge that there was a party or parties in Alaska that would have bid for this lease?—A. Yes, sir; and a very strong party, fully competent in every way, with millions for sureties.

Q. Do you know whether it had framed the basis of a bid in the event of an offer being solicited?—A. No, sir; because they were not aware at the time of these advertisements; this was in the nature of a proposal.

Q. Had they determined upon a sum which they would give for such a lease?—A. Not under this advertisement.

Q. No; but generally?—A. Yes, sir.

Q. Had they determined what they would bid in the event of there being such an advertisement or opportunity?—A. No, sir; I don't think they framed any figures in anticipation of this advertisement for bids,

because it was utterly unknown. Their figures were in the nature of a proposal.

Q. Then they had fixed upon an amount that they were ready to offer—was it he or they?—A. Several gentlemen; a larger figure than is now paid.

Q. Can you state how much they would have offered?—A. Yes, sir; a company would have offered, and did make proposals for, a larger sum than this lease brought.

Q. What were their figures?—A. At least \$330,000 per annum.

Q. What privileges would they have claimed under that offer?—A. To kill one hundred thousand male pups per annum.

Q. Have you been in the neighborhood since the company having the lease entered upon its execution?—A. No, sir. I was there in May, 1870; not since then.

Q. And of your own knowledge you know of no infringement of the provisions of the lease by the company?—A. No, sir; I believe they are now being carried out in good faith.

Q. The essential point of your testimony is—A. Is, that sufficient time was not given for bids; that is the main point to which I wish to call your attention. The other point is a matter which you gentlemen are better competent to decide upon than myself—the illegality of General Miller's bid.

By Mr. JEFFREY, (through the committee:)

Q. When was it that you went on the islands of Saint Paul and Saint George?—A. It is my recollection that it was in May, 1870.

Q. Did you go as a staff-officer of General Davis?—A. I did.

Q. You went there in the performance of military duty?—A. I did.

Q. Not for the purpose of inspecting the seal-business?—A. Yes, sir, for that purpose.

Q. Which?—A. For the purpose of inspecting the seal-business.

Q. Not then for the performance of military duty?—A. For both.

Q. You were a volunteer?—A. No, sir; I was a paymaster in the regular service, and had been an inspector-general in 1862-'63, on General Grant's staff; and for that reason General Davis thought me particularly qualified to inspect those islands; hence I went there in my official capacity, and also with a view of inspecting that business.

Q. Were you on shore at Saint Paul's Island?—A. I was.

Q. How long were you on shore?—A. From 9 or 10 o'clock in the morning until 4 or 5 o'clock in the afternoon; I don't know the exact hours. We went there in the morning to inspect, and left in the evening.

Q. Were you on shore at the island of Saint George?—A. I was.

Q. You are certain of that?—A. I am positive.

Q. Our journals show that you were not there.—A. It is my recollection that I was.

Q. Will you swear positively that you ever saw Saint George's Island?—A. If you will pardon me, that is a very absurd question. Of course I saw it.

Q. Will you swear positively that you were on shore at Saint George?—A. I think so.

Q. Well, you would remember it easily enough.—A. Well, that is my recollection.

Q. Do you pretend to say that you cannot remember that you were on shore at Saint George or not?—A. I say that I think and believe I was. I know that I was on Saint Paul's Island, and, I think, on Saint George.

Q. You were on Saint Paul part of one day?—A. Yes, sir; went there in the morning, after breakfast, inspected, and left in the evening.

Q. As a paymaster, it is your legal opinion that the Secretary of the Treasury and the Attorney-General misconstrued the law in making this lease?—A. It is my judgment, as a citizen of the United States, that the bid of General John F. Miller is illegal.

Q. That is your opinion as a paymaster?—A. I am not a paymaster now; I am a citizen, like yourself. I think your questions are getting a little personal.

Mr. JEFFREY. They may be, sir; I cannot help it.

The WITNESS. I was one of the parties who made the proposal I have stated, and two gentlemen in Sitka by the name of Shirpser, and Mr. Kincaid, of Sitka.

Q. Is Mr. Shirpser the same gentleman who has been running a contraband trade, and has lately had his vessels seized for taking seal-skins? Do you know of Mr. Shirpser, or any one of the parties, having been engaged in the contraband trade with the people of either of those islands?—A. No, sir; I left Alaska the latter part of 1870.

Q. Have you ever heard of such an accusation against Mr. Shirpser?—A. No, sir; this is the first I have heard of it.

Q. What is Mr. Shirpser's first name?—A. I do not know. There are three Mr. Shirpsers there. Mr. Martin was another party to that proposal, and Mr. Rudolph and others.

Q. Who is Mr. Kincaid?—A. He was the sutler of the post at Sitka.

Q. Were there, at the time you left, any citizens of the United States at Sitka doing business there?—A. These gentlemen were all merchants, doing business there.

Q. Were there any others there?—A. Yes, sir; there were other American citizens—I don't remember all their names.

Q. About how many?—A. That I cannot say.

Q. About what is the population of Sitka?—A. I don't know, sir; I never took the census there. I left there in 1870.

Q. You were stationed there for a long time?—A. Yes, sir; but I left in 1870.

Q. About that time, what was it?—A. I cannot tell.

Q. As near as you can, about how many people were there at Sitka?—A. In 1870, I guess there were 500.

Q. Outside of the Army and the followers of the Army, how many American citizens were there?—A. I cannot answer, because I did not know every American citizen there.

Q. Were there twenty?—A. I should think so.

Q. Were there fifty?—A. I should think there were perhaps between fifty and one hundred; I am guessing at this.

Q. What business was Mr. Shirpser engaged in?—A. He was a merchant.

Q. What sort of trade was he engaged in?—A. He was dealing in furs.

Q. Not fur-seals, but furs from the Indian country?—A. No, sir; Indians brought in fur-seals occasionally. That is my recollection.

Q. You think they had fur-seals at Sitka?—A. That is my impression.

Q. How far is it from Sitka to the seal-islands?—A. I am not positive, but I think about five hundred miles from Sitka to Kodiak, and from Kodiak to the seal-islands about one hundred miles.

Q. That would make it about six hundred miles from Sitka to the seal-islands?—A. I should say so, without having examined the subject.

Q. Is it not more than fifteen hundred miles?—A. I should think not.

Q. Is it not nearer two thousand miles?—A. I should think not, but I have not examined the subject, nor thought of it for nearly six years.

Q. From Sitka to Kodiak, is it not about six hundred and fifty miles?—A. Speaking from recollection, of six years ago, I should think it is about five hundred miles.

Q. What is the next station beyond Kodiak to the west?—A. You go down to Oonalaska.

Q. Before you get to Oonalaska?—A. We stopped at two or three little places; I don't remember their names.

Mr. JEFFREY here showed the witness the Coast Survey map, called his attention to the scale of miles, and asked him whether it was not over fifteen hundred miles from Sitka to the seal-islands.

The WITNESS. I spoke from recollection; it is six years since I was there.

Q. Was not this proposal of yours sent here by telegraph some four months before the passage of the law?—A. No, sir; I know it was sent by mail.

Q. It reached here some months before the passage of the law?—A. I think so.

Q. You did send a telegram?—A. No, sir; I telegraphed from San Francisco to know why my proposal, which was the best, was rejected.

Q. You think it amounted to as much as \$330,000 a year?—A. That is my recollection. I have it among my papers.

Q. Did you come down to this coast from Sitka in the mean time? Between the making of your proposal and the passage of the law were you here in Washington?—A. No, sir; I was not in Washington. Let me think a moment. This takes me back six years in regard to matters which I have not thought of since. It is my recollection that I was here a few days in February, 1870, a few days only; but I am not positive as to the month.

Q. So that, at the time that the Secretary of the Treasury had these several bids under consideration, he had, in his Department, your written proposal offering a certain amount for these islands?—A. I think so. I know that I mailed it, and I presume he received it. I did not see it there.

Q. So your proposal was really before the Secretary of the Treasury?—A. Yes, sir; I think so.

By Mr. BURCHARD:

Q. You speak of the proposal which you made; do you know whether it was communicated to the Secretary of the Treasury?—A. I only know that it is my recollection that it was mailed to him, and I presume it was received. It was a proposal in writing, over my name, to pay a certain amount per annum for twenty-eight years for the lease of the fur-seal islands. That was a proposal based on the report of General Thomas proposing to sell the islands; that is what led to that proposal. We understood in Sitka that General Thomas had recommended the sale of the islands; whereupon I consulted with those gentlemen I have named, Mr. Shirkpser, Mr. Martin, Mr. Kincaid, Mr. Rodolph, and several officers of the Army, and the result was I made this proposal over my name.

Q. To lease the islands whether they were sold or not?—A. General Thomas recommended the sale of the islands; on that, I proposed, in behalf of this company, to lease them for twenty-eight years.

Q. Provided they were sold?—A. No, sir; to lease them of the Government—to prevent the sale.

Q. Your proposition was that, if the Government did not sell them, it should lease them to yourself and associates on the terms you proposed?

—A. Yes, sir.

Q. It was hypothetical upon the Government retaining the islands?—

A. Certainly. It was based on what we had heard of General Thomas's recommendation.

Q. And it was in opposition to the sale?—A. Yes, sir; it was to show them the great value of the islands, and to show that there were responsible parties prepared to pay that rental for them.

WASHINGTON, *March 18, 1876.*

GEORGE P. IHRIE again appeared before the committee and testified as follows:

When I appeared before you, gentlemen, the day before yesterday I did not expect to be cross-examined on my testimony like a prosecuting witness at a criminal trial, and hence I had not refreshed my memory as to the exact distances that I had traveled in Alaska, nor the exact dates at which I had visited the different islands and posts. After leaving you, on my way home, I began to tax my memory as to the dates when I was at the fur-seal islands, and the more I reflected the stronger grew my conviction that we had been longer at those islands than I stated in my testimony of the day before yesterday. In order to ascertain the exact facts, I went to the War Department and saw the log of the United States Quartermaster's steamer Newbern, on which we were passengers from Sitka to the fur-seal islands; and, with your permission, I will give you these extracts. We left Sitka on the steamer Newbern on the 24th of May, 1870. At 11.40 a. m. of June 12, anchored off Saint George Island. (In my testimony I stated that we were at the fur-seal islands in May, 1870. We left Sitka the latter part of May, but did not reach the islands until some two weeks after.) June 13, at 1.20 p. m., left Saint George's Island for Saint Paul's Island. June 13, at 6.20 p. m., anchored off Saint Paul's Island. June 17, at 8.15 a. m., left Saint Paul for Saint George. June 17, 12.15 p. m., arrived at Saint George's Island. June 19, at 5.25 a. m., left Saint George for Ounalaska. In other words, in going up, going to Saint Paul's Island, we were one day one hour and forty minutes at Saint George's Island. We were three days and fourteen hours at Saint Paul's Island. Returning, we were one day and seventeen hours at Saint George's Island. Or, we were three days and fourteen hours at Saint Paul's Island and we were two days and eighteen hours at Saint George's Island. It was on our return from Saint Paul's Island, when stopping one day and seventeen hours, that I went on shore at Saint George's Island and paid the detachment of troops stationed there. My inspection, of the *modus operandi* of preparing the seal-skins for market was at Saint Paul's Island. I did not go on shore at Saint George with that object, because there was no necessity. The examination made on Saint Paul was sufficient, it being much the larger of the two islands and the more important island. Seventy-five per cent. of the skins taken by the Alaska Commercial Company come from Saint Paul. Hence, if I had not visited Saint George's Island at all it would not make a particle of difference as to the investigation of the *modus operandi* of preparing the seal-skins for the market. As to the distance, (of which, you will remember, I spoke entirely from memory, and said I had not thought of it for six

years,) I stated it was nearly five hundred miles from Sitka to Kodiak. After leaving you, I went to the Coast Survey and saw my friend Captain Patterson, and he not only showed me the map but he took a pair of dividers and measured the distance, and it is about five hundred and fifty miles. From Kodiak, via Ounalaska, the route that steamers always take to the fur-seal islands, is about seven hundred miles; making the total distance between Sitka and the fur-seal islands about twelve hundred and fifty miles. All of which I think somewhat irrelevant to the subject under investigation. Now that I have read up a little and thought more on the subject, I could elaborate my previous answers if desired.

By Mr. HILL:

Q. Would it be an elaboration of facts or opinions?—A. Yes, sir; an elaboration of facts in answer to the questions of the day before yesterday. I came here then prepared to state my judgment in regard to two points, and to give the committee the nature of the proposals that were made for a lease of these islands some six months before the bids were called for.

By Mr. CHAPIN:

Q. Were these bids that were made six months in advance accompanied by bonds?—A. The date of my proposal was the 3d. of January, 1870; the advertisement for bids was the 8th July, 1870, making a difference of a little over seven months. I presume it may have taken from thirty to sixty days for my proposal to reach the Treasury Department.

By Mr. CHAPIN:

Q. Do you know any other material fact that is relevant to this investigation? If so, please state it.—A. In the matter of persons being engaged in the fur-seal business, as required under this advertisement for proposals, I think there was a great deal of humbug in that. All of my associates in Sitka connected with me in that proposal are merchants engaged in the fur business. The fur business is the principal business in Alaska, and I myself have seen fur-seal pups in the harbor of Sitka swimming around; and in the latter part of 1869 and the early part of 1870 the Indians brought fur-seal skins to those different markets for sale and trade. The sutler's firm associated with me in that proposal. Mr. Kincaid and Mr. Louthan had a little schooner out constantly engaged in the fur-seal and other fur business. I think the Shirpsers (and I believe there are three or four of that name) also had a little schooner or sloop out; also Mr. Rodolph. I mention this to show you that the gentlemen associated with me in this proposal were engaged strictly and legitimately in this fur-seal business. The Shirpsers are practical furriers, originally, I think, from Boston. When Alaska was ceded to the United States in 1867, there was a nautical race from San Francisco, on the part of merchants and speculators, to Alaska. The store-houses in Sitka were full of first-class dry goods, brought from Europe, and they also contained large amounts of imported liquors and wines. Of course, when the territory was ceded to the United States, these articles could be taken to San Francisco free of duty, and they were. Hence this nautical race to Sitka to purchase these dry goods and liquors and wines, on which no duty was to be paid. Now, there was a similar nautical race on the part of six or eight firms (and I can furnish the names and the number of skins taken by them) to the fur-seal islands; and those firms took from these islands in 1867, 1868, and 1869 about

270,000 skins. It is stated in some document which I have read in connection with this Alaska matter that Hutchinson, Kohl & Co. were the last in the race to reach the fur-seal islands. I mention these things to show that there were other parties than the present lessees engaged in the fur-seal business, and I can only repeat that the matter of regarding the parties engaged in the fur-seal business as privileged bidders for this lease was an unmitigated humbug.

By Mr. BURCHARD:

Q. I understand you to claim that these parties who made this bid with you were entirely acquainted with the fur-seal business, and came within the provisions of the law in that respect?—A. Most unquestionably; they were as familiar with it as any firm in San Francisco that started on that nautical race for the fur-seal islands in 1868.

Testimony of Charles Bryant.

WASHINGTON, D. C., March 20, 1876

CHARLES BRYANT sworn and examined.

The CHAIRMAN:

Question. State your name, residence, and occupation.—Answer. My name is Charles Bryant; my occupation at the time of my appointment was farming, but the principal occupation of my life-time has been catching whales; my place of residence was Fairhaven, Mass.

Q. Have you any knowledge of the Alaska Commercial Company?—A. I have, as connected with the seal-islands in their district.

Q. Were you at any time called upon to investigate anything in relation to the seal-islands of Saint Paul or Saint George?—A. Lieutenant Maynard, of the Navy, was at the islands in the summer of 1875, making inquiries and investigating the affairs of the Alaska Commercial Company, and I gave him what information I possessed in regard to the matter.

Q. Are you the Treasury agent of the Government?—A. I am.

Q. Stationed on the islands?—A. I was stationed on the island of Saint Paul.

A. When did you go there?—A. I went there first in 1869.

Q. How long did you remain?—A. I went there in April and remained until September.

Q. Have you not been there since?—A. Yes, sir; every successive season of the sealing.

Q. You have been there in your character as Treasury agent?—A. Yes, sir; at first, in the summer of 1870, I went out as special agent to relieve the necessities of the natives and take care of them. In consequence of all trade being interdicted there, and their not being allowed to kill seals, they were in a condition of great want and necessity. I was sent by the Secretary of the Treasury, on the steamer Lincoln, to supply their wants and necessities until such time as Congress took action. At the time I left, Congress had taken no action in regard to the leasing of the islands.

Q. You have been there, you say, each year since?—A. Yes, sir.

Q. During the killing season?—A. Yes, sir; I have been there during the killing season each year, and a greater part of the time through the

entire year. I have been down three times in the winter, when there were no seals on the island, on leave of absence.

Q. Then you are familiar with the islands and with the business there, and somewhat familiar with the transactions with this company?—A. Yes, sir; I ought to be as much so as any other man.

Q. Do you know, or have you reason to believe, that the Alaska Commercial Company, as lessees of the Government, have at any time in any way disregarded or violated the terms of their lease and their obligations under the law in relation to taking fur-seals in those islands?—A. No, sir; I do not know that they ever have.

Q. Have you any reason to know or to suspect that they have at any time failed to report the number of fur-seals taken by them?—A. From the method in which the business is conducted, that would not be possible.

Q. Why do you say it would not be possible?—A. Because the seals are never killed on the islands for any purpose whatever, except through the agency, and under the direction of the chiefs, and by special permission of the Treasury agent in charge of the islands. A chief never assumes to kill a seal, even for food for a working-party.

Q. Any smuggling or illicit killing, or anything of that kind, would necessarily be discovered by the Treasury agent?—A. Yes, sir.

Q. Did you observe much of the treatment of the natives by this company?—A. Yes, sir; that has come directly within my duty.

Q. State to this committee whether the company observe their obligation to the natives?—A. They have observed them to the fullest extent.

Q. What seems to be the relation between the natives, and the company?—A. The relation between the natives and the Government officers has always been of the most friendly and trustworthy kind. They were accustomed by previous training under the Russian government to look to their governors as a sort of patriarchal protectors or "papas," as they designated them.

Q. Have you ever known of complaint from these natives, and failures on the part of the company to supply their wants or to discharge their obligations to the natives?—A. No, sir.

Q. Do the natives seem to be comfortable?—A. They are comfortable, more so than they ever have been under any previous condition of things.

Q. Are they compelled to work or do they work voluntarily?—A. They work voluntarily.

Q. Who has the direction of the natives in their work, the agent of the company?—A. No, sir; their chiefs. In killing the seals the agent of the company directs the chief, saying to him that he wants him to go ahead and kill seals as fast as he can. It is his custom in the afternoon to tell the chief that the company want as many seals killed the next day as they can get. That is as far as the agent has anything to do with it. The chief, the first and second assistants, act very similarly in capacity to the captain of a ship, the second and third chiefs acting as the two executive officers. The chief of his own accord designates what parties are to drive and what parties are to kill for the following day. That designation is made on the evening beforehand. They then go and drive the seals in. When the seals are on the ground the agent of the Alaska Commercial Company stands by the herd while they are being killed, and after the chiefs have selected such seals as they consider prime they ask the agent of the company if there are

any more in that lot which he wants. If he chooses any of the others they kill them, and those that are left are allowed to go overboard.

Q. Do the natives get their pay certainly, regularly, and fairly?—A. Yes, sir; they have had their pay every year according to their own rules and regulations. The whole compensation for taking the seals is placed at their disposal, and they divide it among themselves according to the established rules.

Q. The wages are paid to the chiefs, and the chiefs divide it among the workers?—A. Exactly. At the termination of the season the account is made up at 40 cents per skin for all the seals killed. In addition to this the natives save the throats of the seals when they have leisure, and also do other work for the company. They save the lining of the throats of the young seals. They are used to make weather-proof garments. They do, as I have said, other work for the company, for which they are paid. The whole amount for the year is reckoned up, and then the chiefs sit down together and make out a list classifying the labor, the chief himself keeping an account of the general average of the men working. They are divided into first-class laborers, who have been well and who have worked regularly all the time, and have also the best standing in the community. They are put down as class number *one*. Those who have worked irregularly, or a portion of the time, are classified as number *two*. Then there are some who are idle and do not always turn out when called upon, whom they put down as number *three*; and the boys, just reaching the first year of the seals, and who cannot do a full day's work, are put down as number *four*. There are then two or three old men and some native laborers who are troubled with rheumatism, and I think there are three of that class, who are put down as *fifth* class. When they are arranged and classified a list is made out, and they come to me with that list and I assist them in making the calculation and dividing that sum, giving to those put down as first class 100 per cent.; second class, 90 per cent.; third class, 80 per cent.; fourth class, 70 per cent.; and to the fifth class, 60 per cent. That is their own regulation. That is done entirely within their own authority.

Q. If there is any unfairness, then, in the distribution, it is with the chiefs and owing to their rules of distribution, and not with the company?—A. Yes, sir; the company's agent never has anything to do with the private affairs of the natives except in paying their accounts and supplying their wants from the stores.

Q. Suppose any of the natives should want to leave the islands, are they kept there against their will?—A. No, sir; they are always at liberty to leave; that is a standing rule.

Q. I suppose these natives are dependent on the company for all their purchases?—A. Yes, sir.

Q. How do the prices compare? Do the company take any advantage of the natives and charge them extravagant prices?—A. No, sir; they never have to my knowledge. There have been two instances in which a native has brought to me his goods from the store, saying that he had paid too much for them; but I ascertained, upon examining the invoices, that they had been charged within the rules of 25 per cent. profit on the cost at San Francisco.

Q. Do you mean the wholesale price?—A. Yes, sir; the wholesale price. The company never charged to exceed 25 per cent. profit on the wholesale price at San Francisco.

Q. You say you are an old whaler; you know something, then, of the

sea and the whales thereof?—A. Yes, sir; I have had a considerable experience.

Q. You know what is a dangerous and what is a kind sea?—A. Yes, sir; I have been at the business twenty years.

Q. Give us some idea of the dangers of navigation in that region of the country?—A. That country is, and must always be, considered as one of the most dangerous, or equally dangerous with the coast of Labrador, from the fact that in the vicinity of most of the islands there are no harbors, but only open roadsteads, in which a vessel has to anchor and often leave within an hour's warning. I have known instances where they were loading the skins on the steamer, the boat would discharge and come to the shore, and before she could be loaded again, or within less than two hours, the vessel would be driven to sea by stress of weather and be gone perhaps thirty-six or forty-eight hours.

Q. The risk, then, in the trade is more than the usual or general risk upon ordinary seas?—A. Yes, sir.

Q. What about the fogs of that country—do they render navigation still more hazardous?—A. The fogs in July and August render the navigation sometimes very difficult, because the vessel might strike the shore without being able to see land; the shores are shallow at many points, with outlying rocks and ledges.

Q. Do you know about any attempts of persons to kill seals illicitly in that country?—A. I do. A schooner came in and anchored near a rock about five miles distant from the main island in September, 1874. I sent a boat, with an officer, on board. There were two seal-skins, or rather two carcasses hanging up on the vessel, but the captain declared that he had shot those seals in the water for the use of his Colosh natives, his crew being made up of Indians. Again, in 1875, on the 22d of July, we discovered the point of a vessel's mast above this rocky island; it is quite high on one side. I sent my first assistant, Colonel George Marston, with a boat and boat's crew, made up of natives and employes of the Alaska Commercial Company, and when they reached the vessel, she was making every effort to escape from the island, but the wind dying out the boat was able to overtake her, took possession of her, and she having been clearly caught taking seals illegally on the island, the officer obliged the captain in charge to bring her up to Saint Paul's Island, where I seized her and sent her down to San Francisco in charge of a prize-master, and delivered her to the district attorney.

Q. What schooner was that?—A. The "San Diego."

Q. How many skins did you find aboard?—A. One thousand six hundred and sixty.

Q. What became of that vessel?—A. The vessel was delivered over to the collector of customs and the district attorney in August, and libeled. I have since heard, indirectly, that the vessel had been bonded, and have been notified that the case of her condemnation was to be tried in court on my arrival in San Francisco, where I am expected as the most important witness for the Government. The case is set for the 4th of April.

Q. And that matter is not yet finally disposed?—A. No, sir; the skins, I have been told, were bonded; in fact, I think the Treasury Department has been notified of the fact that the skins have been delivered under bond and sold. I am very anxious to have the vessel condemned, as it is the first attempt, and it should be made an example of.

Q. Do you know anything about the character of the bond given?—A. No, sir, I do not.

Q. Do you know who were the parties concerned in that illicit attempt?—A. I know who the parties were on the vessel when I seized her. I also know who commanded the vessel, but who fitted her I could not ascertain in San Francisco when I left. At the time I left San Francisco no party had appeared to claim either the vessel or skins.

Q. Who was the owner of that vessel?—A. The owners were Partridge and Johnson.

Q. Who had the vessel in charge?—A. Captain E. B. Herendeen. This same Captain Herendeen had been in the employ of the Treasury, or master of a coast-service vessel, by which he learned the road.

Q. You do not know who the claimants were, you say?—A. I have heard since verbally, but I don't know it personally.

Q. Who have you heard were the claimants?—A. I have heard that D. Shipser and Cushland Bros. were the claimants.

Q. Did they claim the skins or the vessel?—A. I understood that they claimed the skins. I learned in trying to ascertain who owned the vessel, or fitted her out, that she had been chartered by parties unknown, or who were unwilling to be known, and that a Captain Hayes had gone bond for the return of the vessel. The owners stated when the vessel came down that they did not care if she was condemned, because they had good bondsmen.

Q. You, of course, observed the habits of the seals while you were there?—A. Yes, sir.

Q. Do you observe whether there has been any diminution or increase of the number of seals on these islands during the time this company had charge?—A. There has been a steady increase in the number of female seals, breeding on the islands, equivalent to five per cent., as near as can be determined, annually. The principle upon which they are killed is, to take only such surplus males, they being polygamous in their habits, as are not required for breeding purposes.

Q. Your opinion, then, is that the number of 100,000 on the two islands, authorized by law, can be regularly taken without diminishing the crop or number of seals coming to the island?—A. I don't feel quite sure of that, as will be seen in my detailed report to the Secretary of the Treasury, included in the evidence which has been laid before the committee. There were indications of diminution in the number of male seals.

I gave that, and another reason, which I explained at large in that report. In the season of 1868, before the prohibitory law was passed and enforced, numerous parties sealed on the islands at will, and took about 240 or 250,000 seals. They killed mostly all the product of 1866-'67.

In making our calculation for breeding seals, we did not take that loss into consideration, so that in 1872-'73, when the crop of 1866-'67 would have matured, we were a little short. These seals had been killed. For that reason, to render the matter doubly sure, I recommended in my report to the Secretary a diminution of 15,000 seals for the two years ensuing.

I do not, however, wish to be understood as saying that the seals are at all decreasing—that the proportionate number of male seals of the proper age to take is decreasing.

Q. The females are increasing?—A. Yes, sir; and consequently the number of pups produced annually.

Q. It looks, then, as if the males ought also to increase?—A. I think that number of 100,000 was a little more than ought to have been begun with. I think if we had begun at 85,000 there would have been no

necessity for diminishing. On the other hand, I think that within two years from now it could be increased.

Q. Do you propose returning to the island?—A. I expect to, and am making my arrangements for that purpose.

Q. What is the length of the voyage from San Francisco to the islands?—A. In the vessel formerly used it has taken eighteen days; included in that time is about three days' stoppage at Ounalaska Harbor to recoal.

Q. You have authority over both the islands?—A. I have charge of both the islands. I have three assistants. I remain on Saint Paul for the reason that that is the most important point, nine-tenths of the seals being on that island.

Q. According to that rule you take 90,000 there and 10,000 on Saint George?—A. Yes, sir.

Q. But both the islands are under your jurisdiction?—A. Yes, sir.

Q. Then your testimony in relation to the treatment of the natives applies to both islands?—A. Certainly. The officer on Saint George acts entirely under my direction and reports to me.

Q. As you have sworn to tell the truth and the whole truth, if there is anything on your mind material to this Government on the question of the legality of the lease to this company, or the fidelity with which the company complies with the terms of the lease, I would like to have you state it.—A. I have nothing to state, and, on the contrary, I am very glad to be able to say that they have kept their contracts so far as dealing with the natives is concerned. I have had ample opportunity of knowing. Beyond that they have built, as I understand, of their own voluntary accord, a cottage for each family on the island. When I went to the island there was not a family living in a wooden building. They lived in underground huts, without fuel, where they kept warm by animal heat, sweltering and stifling for want of ventilation, and in filth which engendered scrofula and other diseases, which rendered it necessary, as the records of the Russian population show, to constantly recuperate the working force on the island by people from other islands, and it is not until since they have been comfortably housed, with stoves and coal for fuel, that the population has begun to increase, that the birth-rate has exceeded the death-rate. When I left the islands the buildings in process of erection had been nearly all raised and covered, and a letter from the islands one month after I left states that they are all completed, and that the natives had moved into their houses. There are sixty-four families on Saint Paul's. On Saint George's Island they are not so far advanced to a state of readiness. There are seventeen families on Saint George's Island, and they have twelve houses built, and they expect to build the remainder this winter or spring.

Q. I am requested to ask you as to the regulations of the company to their employés to govern them in their intercourse with the natives. How do the natives know anything about those regulations?—A. They have copies of them, which I have caused to be translated into the Russian language, which is the language in which a large portion of them read and write. I have also had copies made of the act of Congress, and, furthermore, make it a point whenever I go to the islands, as I shall go this spring, to write a letter stating to them the general results of my visit East; and any additional regulations or any change that a change in my instructions renders necessary, are always translated into the Russian language and filed with the chiefs, where they can consult and read them at any time.

Q. Have they full knowledge, then, of all regulations upon that subject and their rights thereunder?—A. Yes, sir.

Q. Do they have schools?—A. We have a school eight months in the year. That affects the younger children mostly. Many of the younger children are reading simple sentences and learning simple arithmetic; but we encounter in the teaching of the English language some opposition from a portion of the natives; or rather a fear exists among them lest by teaching the English language we shall entirely supersede the Russian language, and thereby they shall lose their connection with the Russian Church.

Q. They are very religious, I understand.—Yes, sir. But I am told by the bishop resident in San Francisco that they are preparing and teaching priests to understand the English language, and that there exists no reason why the services cannot be rendered as well in English as they can in Russian. In their religion they believe in 40 days' probation in purgatory, and in the event of any person dying, the friends of that person must have prayers read for the repose of their souls every evening during that forty days. The old people ask us, with a good deal of reason, "Who, when we are dead, will read the prayers over our graves, if our children cannot read Russian?"

Q. Has that company been taking any whisky out there?—A. No sir; the liquor brought up for medical use has been turned over to my care, and I have allowed the surgeon to have it in small quantities at a time.

By Mr. BURCHARD:

Q. The company was released from the requirement to pay a duty upon the oil that they should manufacture, were they not?—A. Yes, sir.

Q. Did you not make a report upon that subject?—A. I did. I think the reports are printed before you. My first report, in which I spoke of the oil question in detail, was in 1872.

Q. Is it oil manufactured on the islands?—A. There has been none manufactured since the season of 1872, except what was necessary for use on the islands.

Q. Is that manufactured by the company?—A. Yes, sir; a part of it, and the other part by the natives themselves. They save the blubber, and have a kettle, which belongs to the island.

Q. Is any shipped away from the islands?—A. No; there never has been any shipped away from the island except that which was made in 1871. That the natives were paid for, under instruction from the Secretary of the Treasury.

Q. I observe, in one of your reports, you mention the tyrannical conduct of one of the Treasury agents—Mr. McIntire.—A. Yes; that matter has been laid before the Secretary, and that report contains, also, the translations of the Russian letter or statement which they filed with me, which is now on file in the Treasury Department, signed by all the residents of the island.

Q. What is the police government of the islands? How are they prevented from committing or punished for committing crimes?—A. In all cases of misdemeanor occurring on the island of Saint Paul, three chiefs, by the consent of the people, constitute a council; they assemble together, hear a matter, decide what is right between their own men as between man and man, and then come to me and ask my judgment whether their decision is right or wrong; and, so far, there has never been any occasion—they have been so equitable in their judgment—for

me to differ with them ; but, on the contrary, I have always approved and the sentences have been carried out. I cannot recall exactly, but I think in the seven years there have been five instances where the native head of a family has become intoxicated and has abused his family, and it has become necessary for the chiefs to take the man and shut him up in the salt-house until he had got sober. He was then usually reprimanded and sent to his duty. I would state, in connection with this, by way of explanation in regard to their getting drunk, that the natives are naturally and habitually addicted to drinking, and, like all other natives, when they have an opportunity they seek artificial excitement. Under the former Russian regulations, when the Russian Company were taking skins, they gave a ration of diluted alcohol. Besides that, every native is christened at his christening for some patron saint, and he keeps that saint's day annually as a holiday. The usual custom under the Russian law for regulation was for the man, if he was a man of standing and consideration in the community, to call on the agent of the Russian Company, where he was treated to a drink of alcohol. He then made his calls on all the other families and his friends in the neighborhood, and in the afternoon he was allowed a bottle of alcohol to take home to treat his friends when they returned his call in the evening. In the absence of any other liquor there they have learned to take sugar, which they buy for tea and coffee at the store, ferment it with flour and brew a kind of beer, to which they add a fern root which grows on the islands, and which is in character similar to hops. They brew a beer from these articles which they call quass. It takes about a gallon to make a man drunk, and produces a kind of muddled, stupid condition. Under the instructions of the Secretary of the Treasury I am required to prevent that as far as practicable. For that reason it has been a rule from the beginning to allow only a half pound of sugar per person, sold weekly for the uses of tea and coffee. But when a man's patron saint's day comes around he will do without sugar in his tea and coffee for a month for the sake of having enough to get himself and his friends drunk, and the impression is so ingrained into their nature that he would feel he had not properly honored his saint if he had not got drunk.

Q. What government do the company, or the agents of the company exercise over the islands or the inhabitants thereof?—A. Not any at all. They simply come there, have their warehouses, employ the natives according to the condition of the contract, and pay them and supply them at the store.

Q. Your report is to the effect that this McIntire was dissatisfied because a child refused to attend his school?—A. Yes, sir.

Q. Was he a teacher employed by the company?—A. He is one of the Treasury agent's assistants. He is one of my assistants.

Q. And a school-teacher?—A. He taught the school himself. He was in charge of Saint George's Island during the last year.

Q. By what right did he claim that children should attend any particular school, and under what right did he claim that?—A. It was an assumption on his part, wholly unjustified.

Q. Is that the only instance in your knowledge?—A. That is the only instance in which the natives have made formal complaint. They have made verbal statements to me on many occasions of a similar character where he exercised a tyrannical supervision over them.

Q. Have there been complaints of any other persons?—A. No, sir.

Q. Is Mr. McIntire assistant agent or teacher?—A. He is assistant agent, but on the ground of this complaint filed against him I removed

him from Saint George's Island and placed him as an assistant in a secondary capacity to the assistant in charge of Saint Paul's Island this winter. He is still on the island. I had no authority to send him down, but he has no authority in the government of the island.

Q. Do you consider that a man who will, as you report here, take a pistol and attempt by menace to compel a father to send his child to his school, a proper person to be retained as a Treasury officer?—A. No, sir. I have asked that he be removed next spring, which will be as soon as it can be done. I don't know what action the Secretary will take in the premises.

Q. Is McIntire an agent of the company?—A. No, sir; he is an agent of the Treasury Department.

Q. He was not, then, exercising authority as a company officer?—A. No, sir.

Q. I am requested to ask you if you have heard any complaint against agents of the company for assumption of authority, or exercise of authority?—A. No, sir.

Q. Or for tyranny?—A. No tyranny has ever been attempted on the island with me; but I have always inquired of the people, and they have been perfectly satisfied. I might say that Mr. McIntire was left in charge of the island during the leave of absence of Samuel Falconer, his superior officer, during the winter of 1874-5. That officer returned to the island again in the spring and assumed charge of the island.

Q. What do you know of a suppressed petition, purporting to have been sent from Saint George's Island in August, 1871, and purporting to be signed by twenty-nine of the residents?—A. That petition was gotten up in San Francisco, and the names of the parties on there were forged or learned from a native.

Q. Do you speak advisedly and knowingly in regard to what you say as to the signatures?—A. I know that no person had left the island to come down, from which such a petition could be obtained, nor did I hear of it until I arrived East and saw it in the papers, and I know that parties whose names appeared on that petition were dead before the transfer of the territory.

Q. Have you read the petition?—A. I have.

Q. Are the statements made in that petition correct and true, or are they erroneous? State first in regard to the compensation being inadequate—forty cents per fur-seal skin, or fifty cents per day for labor. What is the fact in regard to that?—A. That is the established regulation, fifty cents per day for ordinary labor, and seventy-five cents for a man working at a mechanical pursuit.

Q. They claim that it leaves them dependents and paupers, checking their prosperity and impeding the progress of their civilization?—A. I believe that petition to be an entire fabrication.

Q. How do their educational facilities compare with what they were when the Russian government had charge of the island?—A. They are superior now, inasmuch as under the Russian government they were taught only their church catechism and church service; whereas they are taught now reading, writing, and arithmetic, the common branches of the English language.

Q. This petition purports to complain of their being shut out from intercourse with other nations and the rest of the world?—A. That is a natural consequence of living on that island. They never had any facilities for intercourse; there never has been any except what the company affords by giving them a gratuitous passage whenever they choose to leave the island on any of the company's vessels.

Q. Look at the names upon that document, which purports to be a petition, and state whether you are acquainted with any of the persons named therein?—A. Yes, sir; I am acquainted with about one-half that I can recollect.

Q. Have you had conversation with any of the persons named there with regard to their condition and as to their relations to the company?—A. I have questioned the chiefs with regard to this petition, and they have avowed to me their entire ignorance of it.

Q. Name some of the persons with whom you have thus conversed?—A. The chief, Vixholoff, and Peter Rezomzoff.

Q. Are they men of veracity and intelligence?—A. They are.

Q. Do you say that they denied all knowledge of that petition?—A. Yes, sir.

Q. Were you in Washington at the time this lease was executed?—A. No, sir; I was on the seal-islands.

Q. Your knowledge, then, in regard to this subject is confined to what has occurred on the islands?—A. Yes, sir.

Q. Have the company furnished the fuel, the salmon, and what they are required by the laws to furnish to the natives?—A. They always have. In 1872, by agreement and with the Secretary's approval, I accepted 60 tons of coal in lieu of 60 tons of wood. The coal was much more valuable than the wood for the use of the natives.

WASHINGTON, D. C., April 1, 1876.

JOSEPH W. McCORKLE sworn and examined.

By Mr. WOOD:

Question. Were you in Washington at the time of the making of the contract and of the execution of the lease to the Alaska Commercial Company for the privilege of taking seals from the islands of Saint Paul and Saint George?—Answer. I was.

Q. Did you act as the counsel for some of the bidders?—A. Yes; I was counsel for Mr. Goldstone.

Q. Mr. Goldstone put in a bid as the representative of certain parties in San Francisco?—A. Yes; he filed a bid for himself and other parties in San Francisco.

Q. Can you name the parties for whom he bid?—A. He bid for himself, Fischel & Co., Taylor & Bendel, and the American Russian Commercial Company.

Q. Did either of those parties withdraw from the bid before the bids were opened?—A. After the bids were filed (I am not sure whether it was before they were opened, but I think it was) Mr. Dana, who was here as the agent of Mr. Morse, of San Francisco, and of the Russian American Fur Company, said that a dispatch had been sent from San Francisco to the effect that Goldstone had filed a bid for himself and for all the parties whom he represented—filed a bid which would financially ruin himself and all the parties whom he represented—and that the American Fur Company would withdraw its name from the bid.

Q. And Mr. Goldstone so notified the Treasury Department?—A. Yes; I drew the note for him.

Q. And the Treasury Department had financial notification of the withdrawal of one of the parties whom Mr. Goldstone appeared to represent in bidding for the contract?—A. Yes.

Q. Was any question raised as to the vitiating of the bid by that withdrawal?—A. No, sir. Mr. Leach and myself were attorneys for Mr. Goldstone, and the idea never suggested itself to us, as a legal proposition, that it in any way affected the bid.

Q. Did not the Secretary of the Treasury consult the Attorney-General as to that?—A. Objection was made by Mr. Miller, the president of the company, that it did vitiate the bid, and the Secretary of the Treasury submitted it to the Attorney-General for his opinion. The Attorney-General's opinion was that, as a legal proposition, it did not affect the bid.

Q. Have you any fact within your knowledge that goes to sustain an allegation that the Alaska Commercial Company was not legally entitled to that contract under the law?—A. That would, to some extent, be a matter of opinion, but, under the common law regulating bids of all kinds, the highest bidder is entitled to the lease, and we considered that Mr. Goldstone and the party whom he represented was the party legally and lawfully entitled to the lease. The Secretary of the Treasury, having advertised for bids, was bound to give the lease to the best bidder.

Q. Was that so represented to the Secretary?—A. I believe that the Attorney-General himself says as much, and the law directs the Secretary to give it to the parties whose bid is to the best advantage of the Government.

Q. Then, I understand you that the Secretary of the Treasury had the question presented to him, and that he consulted the Attorney-General on the subject and received his opinion?—A. A protest was made against the bid of Goldstone that it was an unlawful bid, and that therefore he was not entitled to the lease. The Secretary presented that question to the Attorney-General, and stated in his letter to the Attorney-General, in effect, that Goldstone's was the best bid that was made, and that if it was legal he was entitled to the lease, but that if it was illegal the lease would have to be given to other parties whose bids were not so favorable. That is my recollection of the matter.

Q. Outside of anything stated in this record, have you within your knowledge any facts or any circumstances that would justify a belief that there was anything wrong or corrupt in the award of that contract, and the making of the lease?—A. I only claimed in that matter, as attorney for Goldstone, that the holding of this lease was unlawful. I did not pretend to charge corruption in the decision, nor did I consider that necessary. That was my professional opinion as a lawyer and is now.

By Mr. BURCHARD:

Q. That is the main point of objection made by Mr. Goldstone, and yourself as his attorney, to the lease given to the Alaska Commercial Company?—A. The objection that we made was that the lease was unlawfully given to the Alaska Commercial Company, and that Goldstone & Company were lawfully entitled to it.

By Mr. WOOD:

Q. As a matter of opinion as a lawyer you believe that Goldstone was entitled to the lease?—A. Yes, sir.

Q. But you have no facts going to show that there was any corrupt motive in giving the lease to the Alaska Commercial Company?—A. No, sir; I do not pretend to say what the inducement or motive was, because I do not know.

Q. At the time of this transaction, while you were here, and took an

active part in it on behalf of Goldstone, was there any incident or fact or circumstance within your knowledge that led you to suppose that the Secretary of the Treasury was improperly influenced to make that award?—A. I know of no direct act that would implicate the Secretary of the Treasury. I know that the representatives of the Alaska Commercial Company had been here for some time, and I know of the manipulations resorted to to get the bill through Congress. There was every badge and evidence of the usual amount of work and effort made to get a bill through that would be favorable to one party or the other, and I am also satisfied that all the influences that could be brought to bear to secure the lease for the Alaska Commercial Company were brought to bear, but as to actual corruption on the part of the Secretary of the Treasury I know nothing.

Q. State whether you have any knowledge that any member of the Alaska Commercial Company, or any of its officers, agents, or attorneys, was guilty of using any corrupt means or of applying any corrupt influence to obtain this lease?—A. I do not know of any facts on that point that I could swear to.

STEPHEN N. BUYNITZKY sworn and examined.

By Mr. WOOD:

Question. Where do you reside?—Answer. Washington City.

Q. Are you a Russian by birth?—A. I am a native of Russia, but I am now a citizen of the United States.

Q. You understand the Russian language?—A. I do.

Q. Have you ever resided in Alaska?—A. I have been two years in Alaska. Once I was in charge of the island of Saint George, and at another period I was in charge of the island of Saint Paul, as clerk in the Secretary's office in the Treasury Department. I was detailed for that purpose.

Q. What times were you there?—A. The first time I reached the island of Saint George on the 17th of July, 1870, and remained there until the 21st of October in the same year. I reached the island of Saint Paul at the end of July, 1871, and remained there until the commencement of May, 1872.

Q. Were you there through the whole winter?—A. Yes.

Q. Were you on both islands during the seal-killing season?—A. Only a short part of the seal-killing season.

Q. What were you sent there to do by the Secretary of the Treasury?—A. My first orders from the Treasury Department bore date May 25, 1870. That was some time before the act in relation to this matter was passed. There was no near prospect of the act being passed at that session, as the session was then far advanced, and the expectation of Secretary Boutwell, I understood, was that no legislation on the subject would be had that session. At the same time he knew that the natives there were destitute, he having prohibited any vessels from landing there while the question of the management of the island was pending before Congress. My instructions were, acting under the orders of Captain Bryant, the special agent of the Treasury Department, to assist him in taking charge, for the time being, of the two islands. I reported to Captain Bryant, and was put in charge of Saint George, while he himself sailed to Saint Paul. We had a small lot of provisions, such as salt, flour, &c., and were expecting our orders and further news from the States. In that condition we remained there about three months. At the end of the three months (on the 12th of October, 1870)

the steamer *Constantine* arrived at Saint George, and brought to the agents of the Alaska Company a copy of the act of July 1, and a copy of the orders of the Secretary of the Treasury to allow that company to take possession of the skins which had accumulated on the island at the time. It also brought orders to myself to proceed to Washington and resume my duties in the office of the Secretary. At that period I was acting in utter ignorance of any law having been passed by Congress in regard to the management of fur-seal fisheries, and of any lease having been granted to any one. I immediately left and returned to Washington.

Q. Give the particulars of your second visit there.—A. The second time I was ordered to proceed to the island of Saint Paul, there to report to Captain Bryant, who was then in charge, and to act entirely under his orders so long as he wanted my services there, and in case he should conclude to go to Washington, that I should remain on the island of Saint Paul and take charge of his duties. Captain Bryant concluded to go to Washington, and gave me orders to remain on the island. In obedience to those orders, I remained on the island all through the winter and until the following spring.

Q. How many months did that comprehend?—A. It comprehended over nine months that I was there continuously.

Q. The lease was then in operation?—A. Yes.

Q. And you represented the Government altogether in the absence of Captain Bryant?—A. Altogether.

Q. You could converse with the natives; they talked the Russian language?—A. Most of them did.

By Mr. CHAPIN :

Q. In what condition did you find the natives at the time you arrived there on your first visit?—A. When I first visited the island I found the natives suffering from want of supplies, as the Secretary of the Treasury had concluded that, under a stringent construction of the law of 1868, he had no right to permit any killing of the seals, and the only means for the natives to procure any supplies, except seal-meat, were from the proceeds of the fisheries. The killing of the seals being entirely stopped for the purpose of selling the skins, the natives were left entirely to the resources of the island.

Q. Was that applicable to the second island that you visited?—A. That was exactly the condition of the second island. I had an opportunity of visiting the island of Saint Paul during that time, for three or four days, (a steamer going and coming between the two islands.) Now, coming to the period of 1871, I have to state that I found the condition of things entirely changed, as might be reasonably expected. The natives had plenty of supplies, dry goods, hardware, and one of the most important articles there, wood. The company had sent a vessel with a full cargo of lumber for building purposes, and of wood for heating purposes, and had immediately commenced building cottages there. During my time in Saint Paul there were five cottages built, and I am informed by Captain Bryant that that building of cottages has been continued, and that at present the village looks altogether different from what it was.

Q. The condition in which you found the inhabitants was the condition in which the Russian government had left them, and that was before the lease or before the act of Congress authorizing the lease?—A. Yes, sir; but I would not go so far as to say that the condition was the same in which the Russian government left them, because there was a period

that intervened, and I was informed by the inhabitants on the island of Saint George that, during that time, some of the American traders were permitted (or rather I should say not prohibited) to come to the islands, and that a pretty lively trade had been carried on, and that the natives had supplied themselves with articles of clothing, food, &c. But in one respect the natives complained, and they continue to complain, and that is on account of the cutting off of the whisky-ration. The whisky-ration for the native there is of more value than a full suit of clothing from San Francisco. That is the only complaint I ever heard, and of course I smiled at that complaint.

Q. Is whisky prohibited now on the islands?—A. Whisky is entirely prohibited. I understand that there is a clause in the lease prohibiting any of the agents of the company from keeping whisky or any liquors, and especially from serving it to the natives.

By Mr. WOOD:

Q. State whether the condition of the natives, as they appeared to be during the sealing season, after the Alaska Commercial Company had control of those islands, was not much better physically and morally, to their condition as you found them?—A. As to their physical condition, I am positive that it was better; as to their moral condition, I will not undertake to make any statement.

Q. Had the company at that time established or prepared to establish any school-houses?—A. There were school-houses on both islands at the time. I am now speaking of my visit in 1871.

Q. Were those school-houses put up by the company, or were they there before the company had control of the islands under the lease?—A. I think the company appropriated for that purpose certain buildings which had been formerly erected, and which had been purchased by the company.

Q. If you are not prepared to say that the moral condition of the natives had not improved, are you prepared to say that it had deteriorated?—A. Not in the least; I did not find any demoralization.

Q. What effect had the withdrawing of the whisky-ration upon them?—A. They resented it very much, and they tried to circumvent it by brewing a beverage which they call by the Russian name of "quass." The Russian is not an intoxicating liquor; but they make it intoxicating by overbrewing it, and by adding various roots and such vegetable matter as they can find on the rocks. It is a hideous deleterious compound, but they frequently indulged in that beverage, and many of them got intoxicated.

Q. Having been there before the lease, and being yourself familiar with the language of these people, and having had intercourse with them both before and after the possession of those islands by the Alaska Commercial Company, what is your opinion as to the effect on the general character of the people of that company's having control of those islands? Has it proved to be advantageous to the people, or otherwise?—A. It has proved most emphatically favorable to the people.

Q. In that statement you refer not only to their physical, but also to their moral and mental condition?—A. Yes.

Q. Do you know anything with reference to a pamphlet published in San Francisco in 1875, headed "An appeal to the people and press of America," and purporting to give a history of the wrongs of Alaska?—A. No, sir; I have not any knowledge of that pamphlet?

Q. Have you any knowledge of what purports to be a petition issued on the island of Saint George, dated 5th August, 1871, and purporting

to have been signed by several of the natives, setting forth certain grievances?—A. I have a full knowledge of that publication. My name having been mentioned in the preamble of that publication in an unfavorable light, I took special notice of that otherwise valueless publication.

Q. This pamphlet refers to what is called "the suppressed petition," and connects the name of N. Buynitzky with it; are you the gentleman referred to?—A. I am, although my first name is Stephen. I do not know of any other person of that name in the United States.

Q. What are the facts with regard to that matter?—A. In regard to that, I will ask the committee to allow me to file a written statement as part of my sworn testimony.

Mr. WOOD. You may do so.

The statement filed by the witness and ordered to be made part of his testimony is as follows:

In obedience to an order of the Treasury Department of May 25, 1870, I sailed, on the 13th of June following, from San Francisco, on board the revenue-cutter Lincoln, and reached the island of Saint George, Alaska, on July 17, where I remained until October 21 of the same year, (1870.)

Up to the date of the arrival at the island of Saint George of the steamer Constantine, viz, October 12, 1870, neither myself nor anybody else on the island could have known of the passage on July 1, 1870, of "An act to prevent the extermination of fur-bearing animals in Alaska," or of the granting, on August 3 following, of a lease of the seal-fisheries to a company styled "The Alaska Commercial Company," as our latest mails from the States did not reach further than June 13, 1870, date of the sailing of the Lincoln from San Francisco.

On October 1, 1870, that is, twelve days before the promulgation on the island of Saint George of the law of July 1, one of the elected chiefs handed me a paper, written in the Russian language, of which the following will be found to be a true translation:

ISLAND OF SAINT GEORGE, ALASKA,
September 30, 1870.

STEPHEN N. BUYNITZKY, Esq.:

SIR: During your stay with us we have often consulted with you about our wants and desires. We know that you understand them well, and feel that you have a heart for us. We therefore earnestly request that you will intercede in our favor before the highest authorities of our new country, and whatever you will represent in our names will be confirmed by us, and we will ever remember you in our prayers.

The paper is signed by eight persons for themselves, and by the three chiefs for twenty-one more persons, whose names are enumerated, with a statement that the chiefs are authorized to do so by the personal request of the parties named.

This was and is the only communication in writing ever received by me from the people of Saint George.

On October 2, 1870, I verbally requested the three chiefs to convey to the signers of that paper my thanks for their flattering address, and to inform them that in case no law in regard to the management of the seal-fisheries should have been enacted before the adjournment of the second session of the Forty-first Congress, I would submit for the consideration of the Secretary of the Treasury suggestions for a system of management in accordance with the reasonable desire of the people of Saint George.

On October 12, 1870, immediately after the promulgation of the law of July 1, I informed the people of Saint George that the system inaugu-

rated under its provisions must be considered as the best calculated to promote their interests, and that they should cheerfully accept the condition of things established by the new law, however different it might be from their cherished conceptions.

On October 21, I left the island and arrived in Washington on the 30th of November following.

A few days after my return to Washington I had an interview with Hon. G. S. Boutwell, then Secretary of the Treasury, in the course of which I mentioned that the natives of the island of Saint George had favored a plan for the management of the seal-fisheries, different from that adopted by Congress; but, of course, I neither offered nor was called upon to submit any suggestions incompatible with the provisions of the new law.

On June 28, 1871, I was again directed by the Department to proceed to the seal-islands of Alaska and in case Mr. Bryant, then in charge, should leave, "take charge of the islands with reference to the seal fishery."

Acting under this order, I reached the island of Saint George at the end of July, 1871, and, after stopping there a few hours, proceeded to the island of Saint Paul.

Mr. Bryant, having concluded to go to Washington, left me in charge of the last-named island, where I remained until May, 1872. During the period of time between July, 1871, and May, 1872, I did not visit the island of Saint George, there having been no means of communication between the islands.

At the end of April, 1872, Mr. Bryant returned to Saint Paul, bringing orders for me to proceed to Washington.

During the few days of my stay at the island after the return of Mr. Bryant and the receipt of the mails from San Francisco, Dr. H. H. McIntyre, agent of the Alaska Commercial Company, handed me a detached page of a number of the Alaska Herald, a small sheet then published at San Francisco, and informed me that the article therein contained, and entitled "the suppressed petition," had been, shortly after its publication, completely refuted in a respectable paper of San Francisco. My impression is that he named "Alta California."

A printed copy of said article is now before me. I have no means of ascertaining the precise date of its publication, but the date of a letter transmitting such copy to the President locates it at some time previous to March 16, 1872. The article is entitled as above stated, and purports to be an exact copy of a communication sent by the inhabitants of the island of Saint George for publication in the Alaska Herald. Speaking in the names of the alleged signers of the communication, it recites that in 1870 they handed to Mr. N. Buynitzky (my first Christian name is Stephen) a petition addressed to the General Government, and having concluded, from that official's silence about it on the occasion of his visit to the island in 1871, that he had failed to deliver it, they send a copy of said petition for publication in the Alaska Herald.

What purports to be a copy of the "suppressed petition" is dated August 5, 1871, and contains a long recital of grievances sustained under the operation of the law of July 1, and the lease of August 3, 1870.

The grievances as specified in the alleged copy of petition are so many, and of such a nature, as to preclude any possibility of their having accumulated within the nine days intervening between the promulgation of the law complained of and my departure from the island of Saint George in 1870. Yet the article states that the original of the

petition was handed to Mr. N. Buynitzky in 1870. The list of names of the alleged signers of the communication and petition contains names of natives of the island who had died previous to the date of my first arrival at the island. Thus, for instance, I find in a brief diary kept by me in Russian, in the autumn of 1870, an entry which reads, in translation, as follows: "Saint George's Island, July 9, 1870. George Kolechor (one of the chiefs) requests to convey to Kirk Butrin (chief at Saint Paul) his greetings, and to inform him (Butrin) that his (Kolechor's) son Sabba died on the 19th day of June." Now this very name of "Sabba Kolechor" is claimed to have been signed to a petition speaking of the great wrong done to the people of Saint George by the law of July 1, 1870. Other names in the list are given with fictitious Christian names, which do not, even as to initials, correspond with the true Christian names of the persons claimed to have been the signers of the communication and petition. For instance, the list gives "Neophit Schwetzow," while none of that family bears that Christian name. In a correct list of the adult men living on the island in 1870 I only find an Austin and a Euphimius in the family Schvetzor.

On inquiry, in May, 1872, by Special Agent Bryant, Assistant Agent Faulkner, and myself, the chiefs at Saint George unhesitatingly denied, for themselves and their people, having ever sent any communication to the Alaska Herald.

At the same time I was informed by Mr. Bryant, who had several interviews with the Secretary of the Treasury before leaving for Alaska, that the article entitled "the suppressed petition" had been brought to the attention of the Department, and, after a personal inquiry by the Secretary, found to be a malicious fabrication, and disposed of accordingly.

On my return to Washington, in June, 1872, I resumed my duties in the office of the Secretary of the Treasury, and, not hearing anything about the incident of the "suppressed petition," naturally concluded that the matter had been definitely disposed of, and entirely dismissed it from my mind.

Now I learn that while the libelous article entitled "the suppressed petition" appears among the papers on file relative to the management of affairs in Alaska, copies of which are about to be transmitted to the House of Representatives, in compliance with a recent resolution of that body, no record is found of the conclusion reached by the Department, nearly four years since, as to the nature of said publication.

I have, therefore, prepared the above statement for such use as may become necessary.

STEPHEN N. BUYNITZKY,
Clerk, Treasury Department.

WASHINGTON, D. C., *January 19, 1876.*

WASHINGTON, D. C., *April 24, 1876.*

H. M. HUTCHINSON sworn and examined.

By Mr. HILL:

Question. State your residence.—Answer. I reside in Washington. I have resided here since December, 1868.

Q. Were you here during all the time of the lease of the Alaska Islands to the Alaska Commercial Company?—A. Yes.

Q. Are you interested in that company?—A. I am.

Q. What are your relations to it?—A. I am a stockholder.

Q. Are you also an officer?—A. I was originally an officer of the company, but I am not now. There is a president, vice-president, a board of directors, and a secretary of the company, none of which I am.

Q. What office did you first hold in the company?—A. I was first elected secretary and treasurer.

Q. You were one of the firm of Hutchinson, Kohl & Co.?—A. Yes.

Q. Was that company organized to do business on the islands?—A. Yes.

Q. And the Alaska Commercial Company succeeded it, as I understand?—A. Yes; the Alaska Commercial Company owned nothing except the lease when the lease was obtained, but afterward all the business of Hutchinson, Kohl & Co. was sold or transferred to the Alaska Commercial Company.

Q. Who were the officers of the company when the lease was granted?—A. The same as they are now, excepting some changes in the directors. Mr. Miller was the first president of the company and is its president now, but there have been some changes in the directors.

Q. State who were the directors at that time.—A. I do not know that I can give them correctly.

Q. Were you not secretary of the company?—A. Nominally I was; but I never have lived in San Francisco, where the company did its business. I never have been to a meeting of the directors. I could very easily ascertain who the directors are, but I have not them now at my tongue's end.

Q. Does the company employ agents in addition to the president and board of directors?—A. It employs agents for the discharge of its business in Alaska.

Q. Has the company no agents in the United States?—A. No, sir; none that I know of, except Mr. James Tinker, of New York, who is the partner of C. M. Lampson, of London. We call him our agent here. He gets information which he communicates to us, but outside of that I don't think we have any agent in the United States.

Q. Has the company no agents whose names do not appear on their books?—A. No, sir.

Q. Immediately before getting the lease were any persons employed in behalf of the company?—A. I know of but one gentleman who has been employed by the company except its attorneys.

Q. Who are the attorneys for the company?—A. There are none now, except Mr. Jeffries. When I came here to Washington, in 1868, I had a very vague idea of the way to proceed to get some legislation for Alaska, and I looked around and employed a gentleman who consented to be an attorney for the company. That was Mr. J. A. J. Creswell. I went to Elkton to see him on the subject in December, 1868. I explained my business and proposition, and asked his advice as to the draughting of the bill, and what to do. I was perfectly ignorant of legislation in Washington. I asked him to come to Washington and be the attorney of the company.

Q. When was that company organized?—A. In the fall of 1868, before I came here. I was north at the time that the company was organized, and when I came to San Francisco the company had been organized under the State laws of California.

Q. How long did you employ Mr. Creswell?—A. His employment lasted until he was appointed a member of the Cabinet—Postmaster-General. On that day I received a letter from him stating that he had

been so appointed, and that our relations ceased, and asking me to pay his retainer, which I did.

Q. How much was it?—A. I think \$1,000.

Q. Did you employ no other person?—A. After I had employed Mr. Jeffries, by his advice, and with my consent, he employed a man by the name of W. W. Worden, who is a gentleman living in this city. He was represented to be a man of good standing.

Q. For what service did you employ him?—A. To consult with, and for his advice and for his introductions.

Q. Is he an attorney?—A. He represented himself as such.

Q. Whom else did you employ?—A. I employed Donn Piatt, he being then about the only man I knew in Washington. I went to him and stated my proposition, and told him what I wanted to do, and of course he gave me some advice.

Q. What did he give you advice about? Was it how to get the bill through, or how to get the lease?—A. He told me that I would have to explain the matter to everybody. That was the advice of everybody to me—that it would have to be done by explaining it to people. It was to secure some legislation.

Q. And you wanted the legislation to take such shape as would give you the advantage in getting the lease?—A. Of course I did. I had been in Alaska and understood the condition of things there. The original bill provided that the Secretary of the Treasury should lease the business to the company, and the employment of the persons whom I have named was for the purpose of securing that legislation. I never employed or paid any person for service or influence toward obtaining the lease after the law was passed. After the passage of the law we had but one attorney, Mr. Jeffries. Mr. Miller, the president of the company, is a lawyer, and he and Mr. Jeffries did all that was done toward getting the lease after the act was passed. Of course I was in consultation with them, and did what I could.

Q. Did you employ anybody else except those three?—A. I did not.

Q. How much were you to give Mr. Piatt?—A. I was to give him, if I obtained the lease, \$5,000.

Q. And how much were you to give to Worden?—A. The same.

Q. All on the same condition of obtaining the lease?—A. Yes.

Q. Was Mr. Creswell to get anything conditionally?—A. He was.

Q. How much was he to get conditionally?—A. Ten thousand dollars.

Q. Did you employ a gentleman named Morton?—A. No, sir.

Q. Is there any gentleman by the name of Morton employed by the company?—A. Yes, there is a man employed by the company named John Morton, a sort of supercargo or superintendent of the seal-islands during the season of killing. None of the concern ever go north.

Q. Where does Mr. Morton live?—A. In San Francisco.

Q. Is he employed now?—A. I think he is, unless he has resigned recently.

Q. What salary is paid to him?—A. Twenty-five hundred dollars a year.

Q. When was he first employed; after the lease was obtained?—A. I think he went north on one of our vessels the first year after the lease was obtained.

Q. Was there any understanding before the lease was obtained that he was to be employed?—A. No, sir.

Q. Who is Mr. John Morton?—A. The son of Senator Morton.

Q. Did you pay him any stipulated fee besides the salary?—A. No, sir.

Q. You never paid him at any time \$26,000?—A. No, sir; no sum of money excepting his salary, which is not exceeding \$2,500 a year; I am not certain that it is that.

Q. Has he been to the seal-islands?—A. Yes, every year since his appointment, I believe.

Q. He goes there regularly?—A. Regularly.

Q. How long does he stay?—A. He stays during the killing season, and I think he has remained on the islands during the winter; I am not sure about that.

Q. You say that his employment was altogether after the lease was obtained?—A. Yes.

Q. On whose recommendation was he employed?—A. I do not recollect exactly how he was first employed. I think he had been on the Pacific coast, or else he was very intimate with the man whom we had employed (by the name of Brown) for the same purpose on the islands. His employment may have come through that relation. He afterward married Brown's sister.

Q. Do you recollect the date of Morton's first employment?—A. I do not, but I can easily ascertain it.

Q. Who made the contract of employment with him?—A. I agreed to give him employment. This thing comes to my memory in piecemeal. I think I wrote to Mr. Miller and asked if he could or would give this young man employment, and Mr. Miller said he would be just as good as any one to superintend the killing of seals and the salting of the skins.

Q. Did you write Mr. Miller from this city?—A. I think I did.

Q. Did you know Morton personally?—A. I had met him.

Q. Who suggested to you to employ Morton?—A. I do not know, except it came, as I say, from Mr. Brown.

Q. You do not recollect who first suggested him?—A. I do not.

Q. Do you know when you first thought of Mr. Morton in connection with this matter?—A. I do not, except that he was recommended as a nice young man.

Q. Who recommended him?—A. Mr. Brown recommended him.

Q. Nobody else?—A. I do not know of anybody else.

Q. When did Morton marry Brown's sister?—A. I should think about three years ago.

Q. You say that the company has never paid Mr. Morton anything, directly or indirectly, certain or contingent, except his salary of \$2,500?—A. Not a dollar.

Q. Or never to anybody for him?—A. Not directly nor indirectly has he had the benefit of any money except his salary.

Q. How much money did the company pay out in the matter of securing the lease?—A. Nothing, except the personal expenses and the expenses of the attorneys, which I have explained to you.

Q. When did you last see Mr. Morton?—A. I should think he left here in the middle of last month, three or four weeks ago.

Q. He has been here since this investigation has been in progress?—A. Yes; he was here until then. His wife is here now. He started West to go north with the vessel which sails from San Francisco tomorrow for the seal-islands.

Q. He is still in the employment of the company?—A. Yes.

Q. Have you given the names of all whom you recollect having employed in connection with this matter?—A. All that I know of.

Q. Did you ever employ Mr. Hastings in the matter?—A. No, sir.

Q. Did you ever pay Mr. Hastings?—A. No, sir.

Q. Did the company ever pay him?—A. No, sir.

Q. And Mr. Hastings has never received any benefit in any way on account of this lease?—A. No, sir. If you have reference to Mr. Hastings who was one of the bidders.

Mr. HILL. He is the man.

The WITNESS. I noticed that in this examination that subject had been mentioned, and I immediately wrote to Mr. Miller on the subject, and I have a letter from him here in my pocket.

Q. Give your own personal knowledge, and any information derived from any member of the company, as to what negotiations or transactions were had with Mr. Hastings in the matter of withdrawing his bid.—A. I have had my recollection somewhat refreshed by reading Mr. Miller's letter. After the bids were in and opened, on Sunday evening I met Mr. Miller, and he told me that a Mr. Hastings who was a bidder had been down to him and had told him that he had been drawn into the matter by some persons who had used his name as a bidder; that they had some inside information in regard to what the bids would be from a clerk in the Department who pretended to know, and that they had bid according to his representations; but that since the bids were opened he was surprised to see the difference in the bids, and he was satisfied that he had been deceived in the matter. He said that he knew nothing about the business, and did not want to have anything to do with it, and he wanted to know if he could withdraw. Mr. Miller told him that he thought he could; and on the next Monday he did withdraw that bid. During the conversation he said that he had a son-in-law, Mr. Robert Catherwood, of New York, who, he thought, would be a good man to help the company, and he would like if Mr. Miller would do something in his interest, or let him have an interest in the business. Mr. Miller agreed that Catherwood should have some of the stock by paying the assessment, whatever it was, the same as the other stockholders would have to pay. The company then owned nothing but the lease, as the property belonged to Hutchinson, Kohl & Co. Mr. Catherwood presented himself at the company's office at San Francisco, and asked for his stock. But when he was told what the assessment was, (I think it was about \$9 a share,) he declined to take it, and never had the stock. The stock never was issued to him.

Q. You say, then, that nothing was paid in the shape of stock or money, or promises, or inducements, to Mr. Hastings to withdraw that bid?—A. No, sir; nor money nor stock was paid to him, directly or indirectly.

Q. How much were they bound to transfer to him?—A. Five hundred shares.

Q. What is the par value of the stock?—A. One hundred dollars.

Q. And how much was he to pay for them?—A. He was to pay whatever the assessment was, and my recollection is that it was \$9 a share.

Q. And he was offered that as an inducement to withdraw his bid?—A. No, sir; he said he should withdraw his bid. Mr. Miller came to me in the evening after seeing Mr. Hastings, and told me what had occurred. I told him that I thought it was a clap-trap affair to catch us in some mischief, and that I would have nothing to do with him. I said that if he came to show that he had withdrawn his bid, Mr. Miller might do what he wanted to; that I had no objection to that. Mr. Miller agreed with me that it would be irregular, and that we would not have anything to do with it. I never have spoken of the matter since, during the whole five years, until I wrote to Mr. Miller when the question arose here.

Q. Did you make any contract or agreement with any other bidder?—
A. No, sir; I do not know of any other. I never talked with any other.

Q. When did you pay Don Piatt his \$5,000?—A. About a year after the lease was obtained.

Q. And did you pay Mr. Worden at the same time?—A. Yes.

Q. Did you pay Mr. Creswell the same amount?—A. No, sir; Creswell got his \$1,000 the day he wrote his resignation to me, and he never received any other consideration.

Q. Where does Mr. Worden live?—A. In this city.

Q. What business does he attend to?—A. He has something to do with the Columbia Bank-Note Engraving Company, I think. He is a stockholder in that company. He had some position on President Johnson's staff, I think.

Q. What amount of stock do you own in the company?—A. I own 140 shares.

Q. What dividends do you draw?—A. The largest dividend that the company has ever declared has been 15 per cent.

Q. Per annum?—A. No; that was the dividend from one sale. I have never seen the company's books.

Q. But you know what dividends you receive?—A. Of course I know what moneys I have received. My dividends come from the whole business of the company—its land business, its Siberian business, and its Alaska business.

Q. But are not your profits dependent almost exclusively on the fur-seal business of Alaska?—A. No; we took 35,000 seal-skins last year from the Siberian coast, and 100,000 from Alaska.

Q. When was that sale from which you received that 15 per cent. dividend?—A. I think it was last November. That was the largest sale we have had. In the sale that we have just had we sold the largest number of seals we have ever sold, but at 25 per cent. of a decline from the November prices.

Q. Have the profits been declared on that sale?—A. No, sir.

Q. Do you know when the profits will be declared?—A. No, sir; I have not heard of any dividends being declared from it.

Q. And you have no information of what the probable dividend will be?—A. I suppose it will be about 10 per cent.

Q. Has the company a secretary?—A. Yes.

Q. What other regular officers have you?—A. We have a president and a vice-president.

Q. Who is the vice-president?—A. I think Mr. Sloss is vice-president. He is one of the stockholders in the original company.

Q. Who is the treasurer?—A. Mr. Miller is president and treasurer.

Q. What office does Mr. Morton fill?—A. He is the agent to superintend the killing and salting the skins on the islands.

Q. Do you call him agent or superintendent?—A. Mr. MacIntire is the principal agent there, and he gets \$5,000 a year.

Q. What salary does the president get?—A. I think he is allowed six or ten thousand dollars. I am not sure.

Q. Do you not have still other agents?—A. No, sir; we have one other agent on the Siberian coast, but he is a Russian. We have about twelve persons on the Saint Paul and Saint George islands, who superintend the killing, salting, and shipping of skins.

Q. What is the general range of their salaries?—A. From \$1,500 to \$5,000. I do not think any are as low as \$1,500. We have to have very good men, because it is an important business.

Q. How many months of the year do these agents work?—A. They

are at the company's service all the time. They take turns in living on the islands all the winter. When they do that that takes the whole of the year. During the season when the vessels come down with skins they come on with them to San Francisco, and live where they please. When they are north we support them, but when they are at San Francisco they support themselves; therefore they are always glad to stay on the islands.

Q. Do you give them any support more than their salaries?—A. Yes; when they are away from San Francisco.

Q. You give them transportation there and back and support them while they are away?—A. Yes. When they are on board the vessels they board with the officers, and when they are on the islands they live out of the common till. When they have nothing to do they support themselves if they choose to go away.

Q. You only board them while they are on the islands?—A. When they are on the islands on duty. If a man comes to this city we do not consider him on duty. He goes where he pleases, when we have nothing for him to do, which is the whole of the winter season. They go north about the middle of April, as a general thing, and remain until September, when they come down to San Francisco. After the skins are shipped we have nothing more for them to do. They generally report every day in the office, but more as a loafing-place and to get their letters than for anything else.

Q. Do you say that the fact that Mr. Morton was a son of the Senator had no influence whatever in procuring him this appointment?—A. I do not think it had any influence at all.

Q. Was Senator Morton aware of the appointment of his son?—A. I presume he was. I never spoke with him about it until within the last month; and then I did not speak to him, but to Mrs. Morton.

Q. Did not Morton have any connection with the company previous to the lease?—A. No, sir.

Q. Was he not consulted in any way about it?—A. No, sir. The employment of Mr. Morton came about, I think, through Mr. Brown, with whom he had traveled.

Q. You have been quite a valuable agent to the company here. Do you get nothing for your services from the company except your dividends?—A. I do.

Q. You get a salary, also?—A. Yes.

Q. As an agent or as an officer of the company?—A. I suppose as an agent of the company. I came here without any salary, and lived here for three years without any. Then I wanted to leave this city, as it was too expensive a place to live in, and was not congenial to me, and I asked to be relieved.

Q. What salary do you get?—A. I am allowed \$10,000. It is not stated as a salary, but as an allowance.

Q. Does nobody else here besides you get a salary?—A. No, sir.

Q. And nobody else has received any?—A. No, sir.

Q. And nobody else has received any pay or compensation for any influence brought to bear, except as you have stated?—A. No, sir. I have never paid anybody any compensation.

Q. At the time of the controversy between the Alaska Commercial Company and the Goldstone bidders, when there was quite a contest before the Secretary of the Treasury as to who was entitled to the lease under the law and under the Department, did you pay any money to anybody whatever to assist you in getting the lease?—A. No, sir.

Q. There was a pretty heavy issue before the Secretary of the Treas-

ury as to who should have the lease under the bids and under the law, and the matter was referred to the Attorney-General. The other side claimed that at one time the lease was promised to them. You were here all that time?—A. Yes.

Q. Was any money paid to anybody then to assist you with his influence or in any other way?—A. No, sir.

Q. Neither conditional nor certain?—A. No, sir; neither conditional nor in any way.

By Mr. WOOD:

Q. Are you the same gentleman who was one of the purchasers from the Russian-American Seal Company?—A. Yes. I did myself, and in my own name, purchase the property of the old Russian-American Company.

Q. That company, as I understand it, had a contract with the Russian government similar to that which your company has with this Government?—A. Yes.

Q. And before or about the time of the acquisition of Alaska by the United States you were up there and were cognizant of those other transactions?—A. Yes; I went to Alaska in 1867. I started north from Victoria, with a small vessel, in December, 1867, and went to Sitka with the full intention of buying the interest of the Russian-American Company, their buildings, boats, and paraphernalia which were not transferred to the United States. I bought all their goods and chattels at Sitka at a fixed price per yard, per pound, per dozen, &c., according to the catalogue which they had of the goods on hand. I bought everything they had.

Q. Were you alone in that operation?—A. I made the purchase in my own name, the most of it, with the exception of one vessel, which I bought in the name of Hutchinson & Hirsch.

Q. That was before the organization of the firm of Hutchinson, Kohl & Co., was it?—A. Yes; it was before I knew Mr. Kohl.

Q. Then immediately after the cession by the Russians you were in exclusive possession of all the vessels and sails and furniture and buildings and boats, &c., belonging to the Russian-American Company?—A. Yes, all the personal property of the company.

Q. Was that the origin of the conception of having that lease given to you?—A. Yes; I do not think I thought of it until I went north and saw the condition of things on the islands—this great seal-life and its importance to the people of this country and of Alaska. I never dreamed of such a thing as having any privilege, or that there was any necessity for it. But after living there one season, and seeing the danger of the destruction of the seal-fisheries, I then wanted the privilege perpetuated, so as to get my money out of the business.

Q. At the time of the passage of this law, and of the subsequent granting of the lease, were you in exclusive possession of what you had purchased from the Russian-American Company?—A. Yes.

Q. And then you felt that you had a peculiar advantage in the prosecution of the work?—A. Yes.

Q. If any other bidder had succeeded in procuring the lease, you would have necessarily been compelled to have sold everything to him?—A. I always thought so. We had no other alternative.

Q. Had any of those gentlemen who were bidders ever been on the islands, or had any experience in seal-taking?—A. Not that I know of. They were not there during the year that I was there, and I never heard of their being there before or since the organization of the company.

By Mr. BURCHARD :

Q. Were you present when the bids were opened?—A. No. Mr. Miller was.

Q. Were you present when the award was made?—A. No, sir. I had very little to do with it, except to be in consultation with our attorney and Mr. Miller.

Q. Did you have any interview or conversation with the Secretary or Assistant Secretary of the Treasury in regard to it?—A. I do not recollect ever speaking to either of them on the subject.

By Mr. CHAPIN :

Q. Who is your agent in London?—A. C. M. Lampson & Co. They were the agents of the North American Company and settled up its business, and became agent or manager for the Hudson Bay Company, and are still agents of the Hudson Bay Company for its sales in London.

Q. Is Mr. Lampson interested in the Alaska Commercial Company?—A. Not at all, except as an agent. He gets his commission from the sale of goods just as he does from the Hudson Bay Company.

Mr. JEFFRIES submitted the following letter; which was read and ordered to be appended to the testimony :

WASHINGTON, D. C., *April 24, 1876.*

SIR: As attorney for the Alaska Commercial Company, I respectfully beg leave to call the attention of the committee to the importance of an early conclusion of the investigation ordered by the House of Representatives as is consistent with its thorough and complete examination.

Without intending to complain of the delay, which, it appears, has unavoidably occurred, the company is convinced that much injury has been done to its interests on that account. We have received advices of a decline of 25 per centum in the proceeds of our annual March sale made at auction in London on the 24th ultimo, and we have reason for believing that this extraordinary decline is partly in consequence of the continued agitation as to the legality and permanence of our contract and the integrity with which it has been performed. We are justified in this belief for the following reason :

Whether seal-skin is to be worn in preference to other furs, depends entirely upon the caprice of fashion, and that, to a great extent, is controlled by the London furriers, who expend money to stimulate and control the fashion. If these dealers were assured that fur-seal skins in a sufficient and fixed quantity would be available annually for a period of years, so that they could depend upon it with reasonable certainty, they would take pains to stimulate and control the fashions, and thus provide a market for that quantity. But if there were a probability that the business of seal-hunting would be interrupted by changing the present established system, or from any other cause, by which the regular yearly supply depended upon and provided for, would not be furnished, they would necessarily look to something else to supply the market rather than depend upon an uncertainty.

From time to time there have appeared in certain newspapers false representations in regard to the conduct of this company, which, if true, ought to deprive it of its franchise; and appeals have been made to Congress to investigate the subject, and an investigation has been ordered by the House. All this is known to the London dealers, who are not aware that the faith of the Government of the United States is never violated in matters of contract. In this, as well as in other cases, Europeans are apt to confound this Government with that of Mexico and those of South America, in whose faith no confidence can be placed; and the danger which this company apprehends is, that unless it can have an official indication of its integrity and rights as speedily as the convenience of the committee will permit, that these dealers, upon whom the company entirely depends for a market for its skins, will turn their attention to the introduction of some other fur as a substitute, the constant supply of which they can certainly depend upon. This apprehension is strengthened by the fact that at the same sale to which I have referred the land furs of this company sold at an advanced price.

This investigation was ordered by the House of Representatives on the 17th day of January last; the committee proceeded to the investigation on the 20th day of January, 1876. On the 25th day of February, 1876, the president of the company, General John F.

Miller, voluntarily appeared before the committee and offered to produce all the books and papers of the company pertaining to this business, and promptly answered, under oath, every question put to him without any reservation; and I am authorized, as the attorney of the company, and acting in its behalf, to say that we have nothing to disguise, and will cheerfully and fully afford any information that may be required of us. But I respectfully submit that, in consequence of the injurious effects which this protracted investigation is having upon our interests, whether we have not the right to ask a conclusion at the earliest moment possible consistent with what the committee may deem its duty in the premises.

In conclusion, I will add that the Alaska Commercial Company has paid into the Treasury of the United States since the date of the contract nearly seventeen hundred thousand dollars, (this in addition to the duties paid into the Treasury upon imported seal-skins.) The net amount paid by the company annually is \$317,500, being \$29,000 more than the interest at 5 per cent. on the amount of the Alaska purchase—\$7,200,000—and, in addition, the company furnishes supplies to the natives annually amounting to \$18,000.

The officers and stockholders of the company are all citizens of the United States. They have developed a new American industry, and have expended in its development more than \$1,000,000. They affirm that an interest so large, and of such great advantage to the United States, should not be subjected to the constant interference of parties who failed to sustain any of their accusations, and who, from their inability to do so, could not substitute themselves for us in a faithful execution of a contract we have made with the Government of the United States.

Very respectfully, your obedient servant,

N. L. JEFFRIES,

Attorney for Alaska Commercial Company.

Hon. FERNANDO WOOD,

Chairman of the Subcommittee of Ways and Means Committee, conducting the investigation of the matters relating to the lease of the Alaska Commercial Company of the right to take fur-seals in Alaska.

WASHINGTON, D. C., May 1, 1876.

LOUIS GOLDSTONE sworn and examined.

By Mr. WOOD:

Question. Where do you now reside?—Answer. I reside in Silver City, Nev.

Q. Were you in Washington in 1870?—A. Yes, sir.

Q. What had been your pursuits previous to that time?—A. I had been engaged in buying and selling furs.

Q. On the Pacific coast?—A. Yes, sir; in Victoria and on Van Couver's Island.

Q. What brought you to Washington in 1870?—A. I was trying to obtain a lease from the Government for seal-fishing on the Saint George's and Saint Paul's Islands.

Q. Was that subsequent to the passage of the law by Congress providing for that lease?—A. Yes, sir.

Q. Have you any recollection of the time that you arrived here?—A. I had been here several times, three or four times at least, on that same business.

Q. State the first time that you arrived here on that particular business.—A. The first time that I was here on that business was in 1868.

Q. That was before the lease was authorized by the act of Congress?—A. Yes, sir.

Q. State as concisely as you can the exact nature of your business here at that time, and the character of the transactions in which you were engaged.—A. I was engaged in the same business then. Senator Cole was engaged in trying to obtain a lease for me from the then Russian-American Fur Company, which was doing business at Sitka. This company had let a portion of its territory in a sublease to the

Hudson-Bay Company. I was then doing business in Victoria, and found out that this lease was about to expire, and that the chance for an American to obtain the sublease was better than for any of the English companies to get it, and I determined to make the attempt, as it seemed to be a profitable undertaking. I sent a couple of schooners with directions to make a cruise all through the Russian Archipelago, and get the exact bearing of the different parts of the country that were included in the sublease, so that I could make my bids with proper foresight and knowledge, and act with suitable discretion in the premises. After that I had maps prepared of the whole country over which the schooners had cruised, which maps I sent to Senator Cole, and he took them to Baron Stoeckel, the Russian minister, and conferred with him upon the subject, and found that he favored the enterprise.

Q. That was in 1868, was it?—A. Yes, sir, in 1867 or 1868.

Q. The treaty was ratified prior to 1868, and Baron Stoeckel could have had no interest subsequently to that time?—A. Certainly. It started—the whole affair commenced in 1865.

Q. Please fix, exactly, the time of your arrival in Washington.—A. It was in 1868 that I was here on that business.

Q. Did Senator Cole make any progress in your interest?—A. He made so much progress that instead of the lease, Baron Stoeckel came back with the purchase by the American Government of the whole country. They thought it too gigantic a thing for any private company to undertake, and they sold the whole territory to the Government.

Q. You were here then, subsequently, in 1870?—A. Yes, sir.

Q. That was after the passage of the law authorizing the lease?—A. Yes, sir.

Q. Were you one of the bidders here at the Treasury Department for that lease?—A. Yes, sir; I was one of the bidders with my companies in San Francisco.

Q. Did you bid in your own name or in connection with other companies?—A. I bid for the other companies.

Q. What other companies were connected with you?—A. One is Messrs. Taylor & Bendel, of San Francisco, a house of great note; another was Faersteine & Co., Messrs. Fischel & Co., and the Ice Company. I was bidding for all.

Q. Have you given the names correctly of those different companies?—A. I believe so, sir; except, perhaps, the Ice Company. I think they called themselves the American-Russian Commercial Company.

Q. Had you, before you made your bid, examined the law under which the Treasury Department was authorized to execute this lease?—A. Yes, sir.

Q. You were under the impression that your bid was a legal and proper one?—A. Yes, sir.

Q. Please relate all the circumstances attending your bid, and everything appertaining to that matter, until its final decision by the Secretary of the Treasury.—A. A few days after the bid, I received this letter from the Secretary of the Treasury:

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
July 26, 1870.

SIR: John F. Miller, esq., president of the Alaska Commercial Company, has filed a paper with the Secretary of the Treasury, in which he protests that so much of the bid made by you as proposes to pay 62½ cents for each seal-skin, in addition to \$2 specified by the law, and as proposes to pay 55 cents on each gallon of oil procured from the seals taken in Alaska, is not in conformity to law, and should not be regarded

in making an award. I inclose a copy of this paper. I think it proper also to state that the question raised is of so much importance that I shall submit it to the consideration of the Attorney-General, and I have no doubt that he will hear you upon the subject, should you desire to present your views.

Very respectfully,

GEO. W. BOUTWELL,
Secretary.

To LOUIS GOLDSTONE.

Q. Is that an official letter?—A. Yes, sir.

Q. State all the circumstances now in relation to that transaction.—

A. We met subsequently at the Attorney-General's Office, in pursuance of that letter, and my lawyer, who has since died, Mr. Leach, was with me. After the case was argued *pro* and *con*, it was finally left to the decision of the Attorney-General.

Q. Did you participate in that conference?—A. My attorney did for me.

Q. Did you consent to having it take that reference?—A. Yes, sir; we did consent to it.

Q. I understand you to say that after a conference it was agreed to submit the matter to the Attorney-General?—A. Yes, sir; my attorney consented to that reference. The decision of the Attorney-General is printed in the report. Mr. Boutwell met me then, (I went up a day after the decision and saw him,) that, I think, was on Thursday—I met him in the lobby, and he told me to call to-morrow morning and that he would fix up that lease.

Q. What date was that?—A. I think on the 29th of July. At that time I got a dispatch from San Francisco, from Charles McLaughlin, one of my partners in bidding for that lease, telling me that Mr. Boutwell had telegraphed to the collector of the port at San Francisco, Mr. Phelps, asking information as to the responsibility and respectability of the parties that I represented; and of course Mr. Phelps could not answer otherwise than that they were respectable and responsible in every particular. I called the next morning about 9 o'clock, and when I came there General Miller came in at the same time, and walked up to the Secretary and handed him a little note. Mr. Boutwell opened the note and after reading it appeared to be profoundly struck with something that it contained, and after reading it he folded it up and put it in his pocket, and turned to me, saying: "Mr. Goldstone, come here at 12 o'clock again, and we will dispose of this matter." He did not say then, "we will fix the lease," but "we will dispose of this matter." In accordance with that, on the same day, I came back at 12 o'clock, and Mr. Boutwell was gone. Mr. Richardson, and General Jeffries, and General Miller were there all together. Mr. Richardson turned around and asked General Miller, "Do you accept for your company the bid of Louis Goldstone, as he offers it, for this lease?" General Miller said, "Yes; we will accept it." Then Mr. Richardson said, "I have concluded to give the lease to you."

Q. Who said this?—A. Mr. Richardson said it. I felt very much aggrieved at what I considered to be very harsh treatment, and remarked to one of the clerks, as I went out, that I thought it was very unjust.

Q. Do you recollect the person who handed this note to Mr. Boutwell?—A. It was General Miller.

Q. It was presented to Mr. Boutwell in your presence?—A. Yes, sir; he passed me after we went into the room, and took the note and handed it to Mr. Boutwell.

Q. Did you propound any inquiries as to the nature of this note, or as to the cause of your disappointment?—A. No, sir; I could not tell the

cause of the matter. We filed the protest against the action. I had Judge McCorkle to file it.

Q. What explanation was given you for the way in which you were treated?—A. No explanation has been given to me up to this time. There was a kind of hocus-pocus account given of it in the newspapers, but no satisfactory explanation was given to me. General Miller attacks me in this printed report on several accounts—for instance, for bidding on the oil at 55 cents a gallon, and characterized it as an “attempt at fraud and deception,” and goes on to say that the oil is worth only 40 or 45 cents a gallon in San Francisco, half of which sum would be used up in the transportation of it. When I made that bid I made it in perfect good faith, and I had all the capital necessary to carry out the business, and ten times as much capital if it had been necessary. When I made the bid it was personally known to him, and they will not deny it, that the oil was selling in the London market at \$1.10 a gallon. There was, to a business man, abundant evidence of a fair and reasonable profit in the transaction. The carcasses of the seals had been left lying to rot in the summer heats, and there was good grounds of complaint against these parties for allowing that to be so. I asked the question myself, Why don't you bury the carcasses there? The reply was that it was impossible to dig, as there was nothing but rock. I then asked why they were not burned, and they told me that there was no fuel accessible. I remarked that they might throw them into the sea and dispose of them in that way, but the answer was, that there was not force enough on the island, and that it would be a very expensive undertaking; so I concluded that making oil of them would be the most profitable way of disposing of them. I knew that it would not cost more than \$10,000 to establish the necessary works for making the oil, and I calculated that it would make at least 200,000 gallons during the season. In my calculations I gave myself all the latitude of a business-man, and I was satisfied that I could make a profit by paying 55 cents to the Government for the privilege. Here is the London price-current, [exhibiting a printed paper,] in which I find this oil quoted at such a price as would yield me a profit of 50 cents a gallon. And this is on the wholesale rates; oils would hardly be sold in that way, and the higher price received for small quantities would largely increase the profit.

Q. Go back again to the transactions immediately connected with the disposition of the lease. Have you any facts or any information in your possession, which you can lay before the committee, tending to show that there was any influence of any kind used to deprive you of what you conceived to be your just rights?—A. There certainly must have been.

Q. State concisely every incident which leads you to assume that.—A. I could not positively say how it was done, but common sense will dictate to any living business-man, that where a party offers \$180,000 a year more than another, some peculiar efforts must be used to deprive him of the privilege which he seeks. Senator Cole, if you remember, brought in a bill giving the lease to these parties on the payment of \$1 for each fur-skin that was taken during the season; but after I came here they changed that and put it up to \$2. The Alaska Company then agreed to pay \$2 a head, and I offered \$2.62½, but I failed to get the lease, although my bid was largely above theirs, and, as the London telegram says, “The most tyrannical government in the world would be ashamed to have acted in such a way.”

Q. I understood you to say that the day before this you went to the

Treasury Department, expecting the award to be made, and that you had a conversation with Mr. Boutwell on the subject?—A. Yes, sir; I met him as he was going out of his office. We passed the compliments of the day, and he called me by name, and said, "Goldstone, come here to-morrow morning, and we will fix that lease."

Q. Those were his precise words?—A. Yes, sir.

Q. Did he say that he would fix the lease for you?—A. No, sir.

Q. Did he intimate that he would make the award in your favor?—

A. No, sir; merely that he would "fix the lease;" but I had no doubt at all that the intention was to give it to me, for I knew that he had telegraphed to San Francisco for information, and I had no doubt that the information was satisfactory to him in respect to our standing.

Q. That was your impression?—A. Yes, sir; that was the impression created upon me.

Q. Do you know of any person with whom he had any conversation relating to this matter?—A. No, sir.

Q. What were your impressions at the time as to the causes of this change?—A. Well, if my impressions would be good for anything—

(Objection was made to the witness stating his impressions, and, after argument, the question was withdrawn.)

Q. Relate now, freely, frankly, and fully, every instance within your knowledge appertaining to this question, by which you felt that you were aggrieved in not having that award made when you felt yourself entitled to it.—A. Well, sir, I will state that the law mentioned to pay due regard to the parties having done business there before, and not mentioning any particular party, (since we have been there before them,) we believed ourselves to be as much entitled to it on that ground as these other parties were; and we had built houses on that island before Hutchinson, Kohle & Co. ever knew where the islands were. As to the statement respecting me, I will say that I have been in that business all my life-time, which they knew well, and General Miller will not deny it. But the Secretary mentioned, before opening the bids, that, as the law was construed by him, the Alaska Company would have the preference, or be preferred parties, in case that their proposal should not be more than ten per cent. below that of the highest bidder. It was the intention, apparently, to construe the law to give them the preference, if their bid was in the neighborhood of the highest bidder, and he, the Secretary, decided, under the decision of the Attorney-General, that they should be entitled to it under those circumstances. That decision is printed in this report. After the bids were all opened, he sent to the Attorney-General a note, telling him that mine was the best of all the bids, as far as the interest of the Government was concerned, and that it was decidedly the most advantageous to the Government, and that the only question that could be raised in reference to it was as to the legality of the offer to pay for the oil, at the rate of 55 cents a gallon, and to pay 62½ cents in addition to the \$2 required on each seal-skin. I felt so confident that I would secure it then, that I telegraphed home that I was going to get the lease. There were other parties who bid more in money than I did; for instance, Hastings bid more; he bid more than any of the other parties; as far as the license alone was concerned his bid was about \$175,000. I met Hastings afterward, and had some conversation with him on the subject. About six months after the meeting, I met Hastings while I was on my way taking my son to Columbia College in New York; I met him on the train, and we traveled together for some distance, and we talked over this matter. I said to him that I had felt

myself aggrieved by the treatment which I received, and he replied that he got off first-rate, that he got \$10,000 for his bid, and that he was now going to Europe to spend it. I very naturally inferred that there must have been some peculiar transactions, which were permitted to take place, by which the lease was got away from us. I don't think I have anything more to say on the subject. I have explained all about the oil, and the records of the telegraph company will show that the Secretary telegraphed to San Francisco to find out the standing of the parties which I represented; and there is not a living man in the world, who has honor and reason in his breast, who would not believe that there must have been corruption, in the way that we were deprived of what we believe to be our rights in the case. It is stigmatized so all over the world, wherever it is known.

By Mr. HILL :

Q. You say that it was understood before the bids were opened that if the bid of the Alaska Commercial Company should be within ten per cent. of the highest bid, that company should have the preference in the granting of this lease under that provision of the law?—A. Yes, sir; but if it exceeded ten per cent., or was more than ten per cent. below the highest bid, then the other party was to be recognized as the successful bidder.

Q. That was your understanding of it?—A. Yes, sir.

Q. Was that stated at the time?—A. Yes, sir; that was certainly the understanding.

Q. You say now that after the bids were opened Mr. Boutwell informed you that yours was the best bid for the interests of the Government?—A. Yes, sir; he told me that it was decidedly the most advantageous to the Government. This statement was made, as I have said, to the Attorney-General.

Q. Was inquiry then made as to the solvency of the parties?—A. Yes, sir.

Q. And you telegraphed for information?—A. No, sir; he telegraphed himself to the collector of the port at San Francisco, for the information.

Q. He telegraphed to ascertain that these parties were responsible?—A. Yes, sir.

Q. Now you say that at the time you met him coming out of his office he told you to "come up the next morning, and he would fix that lease?"—A. Yes, sir.

Q. That was after this was done?—A. Yes, sir; and after the decision of the Attorney-General.

Q. In pursuance of that instruction to you from the Secretary of the Treasury, you went the next morning to fix up the lease?—A. Yes, sir.

Q. You say while sitting there General Miller came in and handed a note to Mr. Boutwell, which he read and put in his pocket, and after that turned to you and said, "Come at 12 o'clock to-day and I will dispose of this lease?"—A. Yes, sir.

Q. Do you know the contents of that note?—A. No, sir.

Q. The contents were not stated at that time?—A. No, sir.

Q. You came back at 12 o'clock, and Mr. Richardson was there and Mr. Boutwell was gone?—A. Yes, sir; Mr. Boutwell was not there when I went.

Q. And Mr. Richardson turned to General Miller and asked him if he would accept your bid?—A. Yes, sir.

Q. And General Miller said that he would accept it?—A. Yes, sir; certainly.

Q. And Mr. Richardson then said, "I have concluded to give it to you," (referring to General Miller,) "as representing the Alaska Commercial Company?"—A. Yes, sir.

Q. These are all the facts that you know upon the subject?—A. Yes, sir.

Q. Did Mr. Boutwell say anything in your presence about leaving on that day?—A. No, sir; he never said anything about it. He told me to come on that day, and he would dispose of the matter.

Q. You know of no reason why he left at that time?—A. No, sir; none whatever.

Q. Your company at that time did not own any property on the islands?—A. No, sir; nothing, except the house that we had on Saint George's Island.

Q. Would your company have been in a condition to purchase the personal property of the Alaska Company, and proceed to business during that season?—A. Yes, sir; of course there was no great preparation necessary for the business.

Q. Had you been in any way interested in the taking of fur-seals previously?—A. I had in purchasing, not in taking.

Q. Had you experience in the taking of fur-seals?—A. Yes, sir; we had schooners or ships running up to those islands, and engaged in the trade; and when I saw Mr. Boutwell, on that occasion I have referred to, I showed him of the arrival of one of our schooners from those islands, with a cargo of furs. We had been trading up there, and had several vessels in the business.

Q. There is a little matter here that I do not fully understand; it has been alluded to several times in the testimony, and I wish to ask you for information upon the subject. Previously to this lease to these parties, as I understand it, fur-seals had been captured on these islands by others. Do you know who these parties were who were engaged in that business?—A. There were none that I know of except these people.

Q. Something has been said here about some 80,000 or 100,000 fur-seals that were taken on the islands before this lease was made.—A. The only parties that have taken seals in any instance were these men, Hutchinson, Kohle & Co., or, as they are known, the Alaska Company. They were the only parties that were authorized to take seals on the island. They had authority from Secretary McCulloch to go there for that purpose prior to this lease.

Q. Had you any interest in those skins that were taken previously?—A. Yes, sir; we had in the second lot, but not in the first lot that were taken.

Q. What second lot do you refer to?—A. I think they were caught in 1867 and brought in in 1868.

Q. How many were taken at that time?—A. Eighty-six thousand, I think.

Q. Who was interested with you in taking them?—A. Taylor & Bendel, and Messrs. Faersteine & Co.

Q. Had Taylor & Bendel any interest?—A. Yes, sir; I have mentioned them as being interested.

Q. Are you a member of that firm?—A. No, sir.

Q. What became of that 86,000 furs-kins taken; did you receive your interest in them?—A. No, sir; nothing like our interest. We had a lawsuit in reference to them.

Q. Who had the lawsuit?—A. Taylor & Bendel.

Q. With whom?—A. With Hutchinson, Kohle & Co.

Q. On that 86,000 skins the Government was to receive \$1 on each?—
A. I suppose so.

Q. What became of the lawsuit?—A. We finally settled it.

Q. How did you settle it?—A. They gave us \$50,000 for our proportion of it.

Q. Was that all that you received of the whole 86,000?—A. Yes, sir; they claimed that was all of our share after deducting two-fifths and expenses; they claimed that the expenses had been very large. I got \$10,000 for my share, and the others \$20,000 each.

Q. Did they pay you that as your full interest in the 86,000?—A. Yes, sir.

Q. And you gave them receipts in full?—A. Yes, sir.

Q. Was that \$50,000 your net interest?—A. No, sir; we should have received \$250,000 or \$300,000, according to the value of the seals; but they claimed, as I have said, that they had been at great expense and had to pay a portion (two-fifths) to other parties, and finally, after a protracted hearing and a great deal of testimony *pro* and *con*, they concluded to settle on that basis.

Q. What proportion of interest did Taylor & Bendel represent?—A. They represented two-fifths of the whole.

Q. And Hutchinson, Kohle & Co. represented the other three-fifths?—
A. Yes, sir. They had other parties connected with them, but they were not known in the settlement.

Q. Did you then settle upon the basis of two-fifths of the whole?—A. We were entitled to that proportion, but, as I state, they deducted two-fifths and expenses, and then paid over two-fifths of the remainder. That was all we could get.

Q. Did they say that anybody else had any interest in it?—A. Yes, sir; they claimed that other parties were interested, but they did not state who they were.

Q. But they did say that other parties were interested?—A. Yes, sir.

Q. Did they make that the reason for not paying you your full amount?—A. Yes, sir.

Q. How much interest did you say these parties had, Taylor, Bendel & Co., and others?—A. Two-fifths of the whole.

Q. And you got \$10,000 for your share?—A. Yes, sir.

Q. Who got the other \$40,000?—A. Taylor, Bendel & Co. and Faerstein & Co.

Q. Did you ever say anything to General Miller about the conversation you had with Hastings, in which he said he got \$40,000 for his bid?—A. No, sir.

Q. He did not say who gave him the \$40,000?—A. He did not hide anything about that; he said it was paid him to withdraw his bid.

Q. Was anybody present at that time that this conversation took place?—A. Yes, sir; the whole car-full of people was present, but it was not said so that anybody else should hear it.

Q. Did he say who paid that \$40,000?—A. He said he got it from the parties to withdraw the bid, but did not mention any names.

By Mr. KELLEY:

Q. Where is Hastings now?—A. I think he is in Europe.

By Mr. BURCHARD:

Q. The award of bids was on the 30th of July, was it not?—A. I think it was, sir.

Q. And General Miller handed a note to Mr. Boutwell upon that day in your presence?—A. Yes, sir.

Q. How long before the bids were to be opened?—A. I think it was done about 9 o'clock; I am not certain about the exact time, but it was in the morning.

Q. Was he in there when you came in?—A. No, sir; he walked in with me.

Q. And while you were in there together, in the presence of the Secretary, he handed a letter or note to the Secretary?—A. Yes, sir.

Q. Have you seen, among the published proceedings, the letter to the Secretary of the Treasury, dated July 30, 1870, and signed by General Miller?—A. No, sir; I have not.

Q. You are aware that there is such a letter?—A. No, sir.

Q. You don't know whether that was the communication or not?—A. No, sir; I could not tell.

(The following questions were asked at the suggestion of Mr. Jeffries, through a member of the committee.)

Q. Were you ever on either of these islands, Saint Paul's or Saint George's?—A. No, sir; never.

Q. Did Taylor & Bendel ever take any seals on the Saint Paul's Island, or did they have any interest in any seals taken on that island?—A. Yes, sir.

Q. Which island; on the Saint Paul's?—A. I could not tell which island, though I believe that it was on the Saint George's Island.

Q. Do you know the fact to be or not, that Hutchinson, Kohl & Company landed on the Saint George's Island and made a contract with the natives, who were then destitute of provisions, to supply them with provisions, in return for which they were to receive these furs, and afterward they went on to the Saint Paul's Island to make some other arrangement there, and before they got back to Saint George's Island Taylor & Bendel landed a schooner at the island, and tore up the contract which had been made by Hutchinson & Company, and made a similar contract themselves?—A. No, sir; I don't know anything about it.

Q. Did not these controversies to which you have referred arise out of that circumstance?—A. I do not know anything about it. The contract is now in the hands of Taylor & Bendel.

Q. Do you know that Taylor & Bendel were never on Saint Paul's Island at all?—A. I could not state that.

Q. Did you oppose the passage of this law or act under which this lease was made?—A. I was opposed to the passage of that portion which gives them the preference, because I thought they were not entitled to it.

Q. Did you at any time sell your interest, or any portion of your interest, in that business?—A. No, sir.

Q. You sold no part of it to any one?—A. No, sir; the only settlement that was ever made between us was the one to which I have alluded, in which Taylor & Bendel, Faersteine & Company, and myself were interested.

Q. Please examine this paper, and see if it is not executed by you.—A. [Without looking at the paper.] I know all about that. When we made this settlement with the Alaska Company, by which we received the \$50,000, they would not pay the money until we bound ourselves not to enter or trade in Alaska as long as their lease lasted, and I executed that contract to satisfy them, as they seemed to be very much afraid for us to go up there.

Q. This is not the paper to which you have reference. Please examine it and answer the question.

The paper was put in evidence, and is as follows :

(Copy.)

LOUIS GOLDSTONE }
TO
CHARLES C. ROHRLE. }

This indenture, made and entered into this twentieth (20th) day of October, A. D. 1868, between Louis Goldstone, of the city and county of San Francisco, and Charles C. Rohrle of the same city and county, witnesseth, that, for and in consideration of the sum of (\$10,000) ten thousand dollars, United States gold coin, the receipt of which is hereby acknowledged the said Louis Goldstone has sold, released, and abandoned unto the said Charles E. Rohrle, the undivided one-half of all his (Goldstone's) interest in and to the leasehold of certain seal-fisheries that we are about to get, from the United States Government, about to be established on the islands of Saint Paul and Saint George, said islands being situated in the sea of *Ochstk*, in the Russian possessions, to have and to hold and to draw an equal share of all the profits which may in any way accrue from the prosecution of the said seal-fisheries, as long as said lease shall run, and at the expiration of the present term of the lease upon a renewal of the same, this agreement shall remain in full force and effect.

Given under my hand and seal, at the city of San Francisco, State of California, the day and year first above written.

(Signed)

LOUIS GOLDSTONE. [SEAL.]

STATE OF CALIFORNIA,
City and County of San Francisco, ss :

On this twenty-fourth day of October, A. D. one thousand eight hundred and sixty-eight, before me, Paul Newman, a notary public in and for said city and county, duly commissioned and sworn, personally appeared the within-named Louis Goldstone, whose name is subscribed to the annexed instrument as a party thereto, personally known to me to be the individual described in and who executed the said annexed statement, and he acknowledges to me that he executed the same freely and voluntarily and for the uses and purposes therein mentioned. In witness whereof I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

(Signed)

PAUL NEWMAN,
Notary Public.

[SEAL.]

A true copy of original recorded at request of C. C. Rohrle, Feb'y 8, A. D. 1875, at 48 min's past 2 p. m.

(Signed)

O. H. FRANK,
County Recorder.

In liber 13 of Covenants, page 230.
(Copy of printer's certificate appended.)

STATE OF CALIFORNIA,
City and County of San Francisco, ss :

I, Otto H. Frank, county recorder in and for the city and county of San Francisco, do hereby certify that the annexed is a whole, true, and correct copy of an original record, as will appear by reference to book 13 of covenants, page 230, now in my office, and that said copy has been compared with the original, and is a correct transcript therefrom.

In testimony whereof I have hereunto set my hand and affixed my official seal this first day of March, A. D. 1876.

(Sig.)

[SEAL.]

O. H. FRANK,
County Recorder,
Per E. R. BIRMINGHAM,
Deputy.

The WITNESS. I did not think you would take any heed of such small things as that. I bought from this man a small tract of ground. I bought it from him while I was surveying in the Russian Archipelago, and this contract was executed at that time; but he has never given me the piece of land, and has never done anything appertaining to the contract. At the time this contract was signed there was no lease, and

this has no connection whatever with the lease; it is an entirely different matter.

By Mr. HILL:

Q. That paper, then, has no reference to the lease at all?—A. No, sir; it has no reference to it whatever; it was executed before the lease.

By Mr. N. S. JEFFRIES:

Q. At the time that General Miller took that note to Mr. Boutwell, was I present?—A. No, sir; I think not.

G. S. BOUTWELL recalled and examined by Mr. HILL:

Question. You have heard the testimony of Mr. Goldstone; will you please state to the committee your recollection of the contents of the note to which he refers as being handed to you by General Miller on the day of the opening of the bids for this lease?—Answer. I have heard the testimony, and it is my desire to reply to every point. I will state all the facts, as far as I can recollect. In the first place, in regard to any note, I am unable to say now whether General Miller brought me a note or not at that time; but if he did then, or if he ever did, relating to the subject-matter under consideration by this committee, it was a note or letter of a public character, and as such will be found on the files of the Department, as I have reason to believe. I mean to say that I have never received from him, or any other person connected with this company in any capacity, any communication or note not of a public nature, and which would not be upon the files of the Department as a part of the records of the Office appertaining to this matter. Everything relating to this transaction, after passing through my hands, went into a basket on my table, and were placed on record. As to whether General Miller brought me a note or letter that day, or not, of course I cannot remember. I do not say whether he did or not, but I wish to reiterate the assertion that if any such letter was brought at that time, or at any other time, it will appear on the files of the Department. As to the conversation which Mr. Goldstone reports as having taken place in the lobby, I wish to say that I never made any such statement to him or to anybody else concerning his bid, or the bid of any other person, previous to the awarding of the lease in the regular way. As to leaving for Massachusetts in the way he alleges, I have not examined the records of the Department to ascertain exactly whether I was or was not absent at that time; but I never went to Massachusetts or any other place to avoid this business, or to avoid any other public business, or to shrink from any responsibility that devolved upon me in connection with my public duties. If I went to Massachusetts about that time, my visit had no reference to this matter, and was on business in the regular way. I might not have stated to Mr. Goldstone or General Miller my intention of leaving, if I left at that time; but if I went, it was with the full knowledge of my subordinates and the various officers of the Department and of the President, and I did not go to escape any responsibility in the matter. The disposition of the lease was all understood between Mr. Richardson and myself as to the course it would take. The point we reached in our deliberations was, that the Alaska Company had, under the law, the preference over any other bidders, if their bid was as good as any of the others, (within the intent of the law;) and our object in making the contract was to obtain as favorable terms for the Government as possible. This company, under the decision of the Attorney-General, was to have the preference, under certain conditions, but no person connected with the company in any capacity ever made

a suggestion to me that was not proper or that does not appear upon record. No suggestion was made by them in any way, manner, or shape.

Q. In your previous examination you stated something about some fur-seal skins belonging to the Government previous to this lease, and the sale of the same in New York. (I cannot find it in your printed testimony. It seems to have been omitted by the stenographer.)—A. Yes, sir.

Q. What was your statement in that regard?—A. I made a general statement from recollection. The records of the Department will show the whole transaction. The period for catching these seals, or what is called the "catching season," begins in May or June, some time before the lease was awarded. We had agents there, I believe, but I am not able to state positively in regard to that. However, Mr. McCulloch had given a license to this company (the Alaska Company) to take seals before the award of the lease, and the business went on under that license from May or June, until they came in full possession under the terms of the lease. These skins amounted to some thousands, but I think less than ten thousand, and were sent to San Francisco. I ordered them, subsequently, I believe, to New York, and we advertised them for sale at auction, and a part of them were so sold, and the amount realized turned over to the Treasury Department. Afterward there was a second sale of the remainder of them, and we paid some expenses which had been incidentally incurred; the balance of the money was covered into the Treasury.

Q. These skins were no part of the eighty-six thousand skins taken by Hutchinson, Kohle & Company, and in reference to which Goldstone has testified that Taylor & Bendel had a law-suit with them?—A. I cannot state, but I presume not.

Q. Did I understand you to state in your previous testimony that you were not in favor of the passage of this act authorizing the lease?—A. Yes, sir; that was my statement. I have always shown that I was opposed to the lease from the very beginning, and I have seen no cause to change my opinion in that regard. I intended to meet in this statement every portion of Mr. Goldstone's testimony which referred to me in any way. If there is any point in which I have failed to meet it in this statement, or any point that has escaped my memory or attention, I should be very much gratified if the committee would call me again, and give me the opportunity of meeting the statement.

Q. In regard to this conversation that Goldstone reports having taken place in the lobby, in which he states that you told him to call the next day and you "would fix up the lease," what is your recollection of it?—A. I have no recollection of it at all, but it was entirely contrary to everything in my mind, and I could not have stated anything to him that would lead to such an inference as he appears to have drawn from it. If he had spoken to me about coming into the Department to attend to his business, it is not unlikely that I should have said, perhaps, to come and I would attend to him to-morrow; but that I stated that I would fix up the lease with the idea that he should have it is false.

By Mr. BURCHARD:

Q. Here is a letter [referring to a printed public document] that was signed by General Miller, and dated July 30, 1870, the date the lease was awarded, which letter is addressed to you. If any letter was handed to you at the time mentioned by Goldstone, is not that the letter?—A. I cannot say; I can only say that there never was any letter handed

to me at that time that was not of a public character, and which will not be found on the files of the Department; but, as I stated, I have no recollection of receiving any letter at all. One thing I might say here, that when the bids were first opened, and before my attention was particularly called to the phraseology of the bid of the Alaska Company that they "would give as much as anybody else for the privilege," I was of the opinion that Goldstone's bid was undoubtedly the best for the interest of the Government. That was undoubtedly the first impression I received, but that I ever had any idea of giving it to him, in the sense that he should have it in preference to anybody else, is, as I have stated, altogether untrue.

COMMITTEE OF WAYS AND MEANS,
Washington, D. C., May 3, 1876.

Testimony of H. M. Hutchinson.

H. M. HUTCHINSON sworn and examined.

By Mr. HILL:

Question. Hutchinson, Cole & Co., as I understand, took from Saint Paul and Saint George's Islands some eighty-odd thousand seal-skins previous to this lease in 1869. They paid the Government a royalty of \$1 per skin, did they not?—Answer. Yes, sir.

Q. Who owned those 80,000 skins?—A. I would like to state that we did not take these skins from the island until after the law was passed. We killed the seals in 1869, but the skins were not taken away until 1870—after the lease had been awarded to us. I believe Mr. Boutwell recommended to some members of the committee that those skins then on the island, which had already been taken in 1869, be taxed \$1, and that was put into the law; we were taxed a dollar apiece for them. Those skins belonged to Hutchinson, Cole & Co. and Williams, Haven & Co., of New London, Conn.

Q. Who are Williams, Haven & Co.?—A. Williams, Haven & Co. are Mr. Henry P. Haven, of Connecticut, who died last Sunday, and Richard Chapel. They are whalers. They took seals and whales, and had been at that business in the Pacific for a great many years.

Q. They had an interest in these skins?—A. Yes, sir. They had a vessel in the waters of the Okhotsk Sea, I think, seal-fishing in 1866. While their vessel was at Honolulu in 1866, the captain became acquainted with a Russian captain who put in there in distress with the remainder, or a portion, of the Alaska seal-skins taken by the old Russian company, and there this captain learned of this interest. He left his vessel at Honolulu, went to Connecticut, and conferred with his employers. Then Mr. Chapel, one of the concern, went out to Honolulu and fitted out this vessel and another one and sent them to the Alaska Islands as early as April, 1868.

When we arrived on the island we found three men had been landed there by a small vessel, and the other large vessel was laying off the island ready to land whenever the wind and the ice would allow. They sealed on their own account during 1868. I was there on the island at the time. When I went there I found a great deal of wrangling and quarreling between the two interests of Hutchinson, Cole & Co. and Captain Morgan, of the Connecticut people. One of our vessels, a

steamer, had landed before me with Mr. Bosquet, who also was interested, with instructions to go to sealing; but he and Captain Morgan had a great deal of trouble and annoyance. I tried to arrange to seal together, but Captain Morgan was not at all inclined to make any arrangement. We had working for us all of the inhabitants of Saint Paul Island, numbering about 90 men. Captain Morgan had the people that he brought with him from Honolulu to seal. Williams, Haven & Co. did their business in the Pacific coast, and the management of it was by a younger Mr. Williams in Honolulu. The quarreling became almost serious. They commenced sealing much earlier that season than the Russians had sealed before. When I came there, about the 9th May, 1868, I found this wrangling going on, and my people very much inclined to drive away the others; that is, to have a quarrel with them. They had about 24 men to our 90. I went to see Mr. Morgan at his quarters. We talked it over a long time and tried to have some arrangement that we might seal according to the old rules of the Russian company, of which I had learned a great deal in my journey to San Francisco with the Russian commissioner. My four months' stay in Sitka also gave me information as to the manner of doing the business. When I came to the island I found that the natives were very tenacious about the manner of killing, and did not want the seals killed excepting by the old rules of the company, which had preserved these animals for so many years. Morgan's men killed old seals, cows, or anything they came across. The idea was to get all they could. We failed to make any arrangement, but agreed to work at separate points. There are six or seven different rookeries from which seals are driven to be killed. We divided the rookeries. The Morgan party drove from two or three, while we drove from the others, so that there was no conflict in regard to the territory to drive from. The business closed up in 1868 with their taking what they could with their twenty-four people, and we taking what we could with our ninety people. I then came to Washington, seeing that this business would be destroyed unless there was something done, and came with a very indefinite idea what to ask, and in fact not prepared to ask for anything except some legislation looking to the preservation of these animals. My visit here finally resulted in legislation.

Early in 1869, while I was here in that regard, these people came down from Connecticut and made an offer of a dollar a skin to the Committee on Commerce. Williams, Haven & Co. were two-fifths owners, and Hutchinson, Cole & Co. three-fifths owners of the 87,000 skins taken in 1869.

Q. What interest had Ennis, Parrott & Wasserman in that case?—A. None.

Q. In no part of it?—A. In no part of it.

Q. And you say that Taylor & Bendell had no interest?—A. They had no interest.

Q. They brought suit, however, for an interest?—A. Yes, sir; they brought suit in 1871 for the cash for that portion of the skins taken from Saint George Island, to wit, 24,000. That was under an old arrangement with Burgam & Co. In that 1868 matter that I spoke of, Taylor & Bendell landed a schooner at Saint George Island, and another party (with whom, I think, Mr. Parrott and a gentleman named House, from Boston, had an interest) landed another schooner, so that when our people returned the second time to Saint George Island, they found these two schooners there with their people ashore putting up a

small building, adobe mostly, and preparing to seal. Our people went into an arrangement to work Saint George Island together, they having a portion and our people having a portion. In March, 1869, I think, Congress passed a resolution making those islands a Government reservation, and allowing the Secretary of the Treasury to designate who might remain on the island, or go there. We got permission, I think from Secretary McCulloch, to go on this island and kill as many seals as were necessary for the support of the people. Then we killed those 69,000, 24,000 from Saint George and the remainder from Saint Paul. Afterward Taylor & Bendell claimed an interest in these 24,000, and brought suit against us for their interest in them. We notified them before we went north, in 1869, that that arrangement ceased between the two concerns.

Q. Did you not settle this lawsuit?—A. Yes, sir.

Q. How much did you pay Taylor & Bendell?—A. I find among my papers on the subject, which were sent to me, a copy of the contract. Taylor & Bendell in the mean time had established a trading-post at Unalaska, and another at Unga, and in this arrangement for the withdrawal of the suit we bought from them their schooner, their goods and buildings at Unga and at Unalaska and at Saint George, all in one purchase. They were paid about \$40,000.

Q. You deny that by this settlement you recognized that Taylor & Bendell, either for themselves or as purchasers of Ennis, Parrott & Waterman, had any interest in those 24,000 seal-skins taken from Saint George Island?—A. Yes, sir.

Q. You paid them this money for the property to which you have referred, it of course being understood that they withdrew and ended the suit?—A. Yes, sir.

Q. In this settlement was there anything said about some outside parties having an interest of two-fifths in these skins?—A. No, sir.

Q. You settled upon no such basis?—A. We settled upon no such basis. I was not there at the settlement. My knowledge is derived from the copy of the paper sent to me.

Q. Have you that copy?—A. I have, with other documents bearing upon this subject, which I herewith submit, as follows:

This agreement, made and entered into this 19th day of December, 1871, by and between Thomas Taylor and Herman Bendell, partners under the firm-name of Taylor & Bendell; Frederick Roeding and Gustave Danzel, partners under the firm-name of Feurstein & Co., parties of the first part, and Hayward M. Hutchinson, William Kohl, August Wassermann, Louis Sloss, Louis Gerstle, Leopold Bascowitz, John F. Miller, and Gustave Neibaum, partners under the firm-name of Hutchinson, Kohl & Co., and the Alaska Commercial Company, parties of the second part, witnesseth: That the parties of the first part have agreed to sell, and do hereby sell, transfer, and assign, to the parties of the second part, and the parties of the second part have agreed to buy, and do hereby purchase, of and from the parties of the first part, all of the buildings, property, stations, vessels, supplies, furs, and other goods, wares, and merchandise, and all rights and effects whatsoever of the parties of the first part, as such copartners and individually, and each of them, in the Territory of Alaska, including the island of Saint George, and particularly the stations and property at Unalaska and Unga, being all the property and effects of said parties of the first part used and employed by them in carrying on the fur business in said Territory, together with the good will of said business, and all debts growing out of or connected with said business due or to become due said parties of the first part, or any of them, and also all rights and claim of the parties of the first part, or any of them, to or in a certain lease dated the 3d day of August, A. D. 1870, executed by William A. Richardson, Acting Secretary of the Treasury of the United States, and on its behalf, to the Alaska Commercial Company, under the act of Congress of July 1, 1870, at and for the price and sum of thirty thousand two hundred and ten dollars and sixty cents, gold coin of the United States, paid at the date of these presents, the receipt whereof by the parties of the first part from the parties of the second part is hereby acknowledged. And, in consideration of the premises the parties of the second part do hereby covenant and agree, to and with the parties of

the first part, to pay and satisfy all the employés of the parties of the first part for their services from and after the date of these presents until discharged, and indemnify and save harmless the parties of the first part of and from the same.

And the parties of the first part, in consideration of the premises and the above considerations by them received of the parties of the second part at and before the date of these presents, the receipt whereof is hereby acknowledged, do hereby covenant and agree to and with the parties of the second part that they will not, nor will either of them or any of them, engage in, conduct, carry on directly or indirectly, or be interested with any person, company, or corporation that may engage in, conduct, or carry on the fur and seal fishing business, or any branch thereof, in said Territory of Alaska for the term of twenty years from this date.

The parties of the first part also agree to immediately order and cause Mr. Redstone and any and all other parties hitherto retained by them as their attorneys, to stop all further opposition and hostility as against the interest in Alaska Territory of the parties of the second part. And the parties of the first part also agree not to countenance, or in any way or form aid or abet, any of their former, present, or future attorneys, agents, workmen, or employés to engage in the fur or seal fishing business in Alaska Territory, or to oppose and act in hostility to any interest in said Territory of the parties of the second part. And for a breach or violation of this covenant, the parties hereto agree and fix the sum of thirty thousand two hundred and ten dollars and sixty cents, gold coin of the United States, as stipulated and liquidated damages to be paid by the parties of the first part to the parties of the second part. And the parties of the first part do further covenant and agree to and with the parties of the second part that they, the parties of the first part, shall and will, from and after this date, abstain and desist from any and all acts of opposition and hostility to said parties of the second part, and each of them, in their said trade and business of fur and seal fishing, and from any efforts to affect or change or procure a cancellation of said lease hereinbefore referred to; and the parties hereto do hereby agree upon and fix the sum of thirty thousand two hundred and ten dollars and sixty cents, United States gold coin, as stipulated and liquidated damages accruing to the parties of the second part from the parties of the first part for a breach or violation of this covenant.

These presents shall bind and extend to the heirs, executors, administrators, and assigns of the parties, as if expressly named.

In witness whereof the parties have interchangeably set their hands and seals the day and year first above written.

THOMAS TAYLOR.
HERRMAN BENDEL,
By THO. TAYLOR.
FRED. ROEDING.
G. DANZEL.
HUTCHINSON, KOHLE & CO.
ALASKA COMMERCIAL CO.,
By JOHN F. MILLER, *President*.

For value received, I hereby guarantee that the foregoing agreement will in all things be confirmed personally by Herman Bendel above named, and that I have full power and authority to sign his name to and bind him by said agreement.

THO. TAYLOR.

Know all men by these presents that we, Thomas Taylor and Herman Bendel, partners under the firm-name and style of Taylor & Bendel, of the city and county of San Francisco, State of California, for and in consideration of the sum of nine thousand seven hundred eighty-nine dollars and thirty-eight cents, in United States gold coin, and other valuable considerations, to us in hand paid by the parties hereinafter named, the receipt whereof is hereby acknowledged, have remised, released, and forever discharged, and by these presents do, for ourselves as such partners, and each individually, and for the heirs, executors, administrators of each, remise, release, and forever discharge, Hayward M. Hutchinson, William Kohl, August Wasserman, Louis Sloss, Louis Gerstle, Leopold Boscowitz, John F. Miller, and Gustav Neibaum, partners under the firm-name of Hutchinson, Kohl & Co., and each of them individually; also, the Alaska Commercial Company, a body politic and corporate under the laws of the State of California, and the heirs, executors, administrators, and successors of each, respectively, of and from all and all manner of actions, cause and causes of action, suit, debts, dues, sum and sums of money, accounts, reckonings, bonds, specialties, contracts, controversies, agreements, promises, damages, claims, and demands whatsoever, in law and in equity, which against the above-named firms, persons, and corporation, or either of them, we as such partners, or either of us individually, ever had, now have, or hereafter can, shall, or may have, for, upon, or by reason of any matter, cause, or thing whatsoever, from the beginning of the world to the date of these presents, and espe-

cially of all claims and demands set up, sued upon, prosecuted, referred to, and mentioned in a certain suit now pending in the district court of the twelfth judicial district, in and for the city and county of San Francisco and State of California, wherein we are the plaintiffs and the parties above named, (except said Miller and Neibaum,) together with John Parrott, R. H. Waterman, Samuel Storer, and Adolph Bingham, are defendants, and especially of all claims and demands based upon, or in any manner connected with the lease referred to in said action, and a copy of which is annexed to the complaint.

In witness whereof we have hereunto set our respective hands and seals this nineteenth day of December, A. D. 1871.

TAYLOR & BENDELL.

Whereas, heretofore, to wit, on the 3d day of August, 1870, an indenture of lease was made and executed by and between William A. Richardson, Acting Secretary of the Treasury, in pursuance of an act of Congress approved July 1, 1870, entitled "An act to prevent the extermination of fur-bearing animals in Alaska," and the Alaska Commercial Company, a corporation duly established under the laws of the State of California, acting by John F. Miller, its president and agent; and whereas the undersigned, William Fischel, Louis Goldstone, and Leopold Wertheimer, trading under the firm-name of Fischel & Co., have heretofore claimed an interest in said lease and a right to participate in the benefits and profits thereof: Now know all men by these presents, that, for and in consideration of the sum of ten thousand dollars gold coin of the United States to us in hand paid at and before the signing and ensembling of these presents, the receipt whereof from the said Alaska Commercial Company is hereby acknowledged, we do hereby relinquish and release to said company all claim and demand upon the above-mentioned lease, and upon said company by reason of the same or for any share, part, or benefit thereof or therein, past, present, or future; and we do hereby covenant and agree to and with said Alaska Commercial Company, its successors and assigns, to desist and abstain from any and all acts of hostility and opposition to said company, and especially in its said business and lease, and from all efforts to obtain a modification, alteration, or cancellation of said lease; and for a breach of this covenant we do hereby agree and stipulate that the sum of ten thousand dollars shall be taken and held to be the amount of liquidated damages accruing to said Alaska Commercial Company.

In witness whereof we have hereunto set our hands and seals this 19th day of December, 1871.

LOUIS GOLDSTONE.

WM. FISCHEL.

LEOPOLD WERTHEIMER.

In consideration of the sum of ten dollars to us in hand paid by the Alaska Commercial Company, the receipt whereof is hereby acknowledged, we do hereby guarantee the performance of the foregoing contract by the above-named Fischel, Goldstone, and Wertheimer. Witness our hands and seals at the time and date of the ensembling of the above agreement, December 19, 1871.

TAYLOR & BENDELL.

R. FEURSTEIN & CO.

SAN FRANCISCO, CAL., December 15, 1871.

HONORED SIR: During the last session of Congress a memorial was prepared by the undersigned and associates and presented to the House and referred to your committee, in which it was alleged that the lease to the Alaska Commercial Company by the United States, for the islands of Saint Paul and Saint George, Alaska, August 3, 1870, was illegally obtained by said company from the Secretary of the Treasury and ought to have been awarded to the undersigned and associates. I now desire to withdraw said memorial. The allegations contained therein having been made under a misapprehension of facts are, therefore, untrue. The undersigned, representing the memorialists, as an act of justice to the Secretary of the Treasury and all concerned, begs to withdraw all statements of complaint contained in said memorial.

I have the honor to be, sir, your obedient servant,

LOUIS GOLDSTONE.

Hon. JOHN A. BINGHAM,

Chairman Judiciary Committee House of Representatives, Washington, D. C.

Q. Did you make a return to the Alaska Commercial Company, rendering an account of the expenses which you incurred here in Washington in and about this lease?—A. Yes, sir. I drew money as I wanted it from time to time.

Q. What was the aggregate amount?—A. I don't remember.

Q. Can you approximate it? Have you any record here?—A. I have no record of it here. The company's books show all the money that I expended in Washington for everything.

Q. You have no recollection at all of the amount?—A. I have not.

Q. Wasn't it as high as \$20,000?—A. Yes, sir; I drew more money than that, I should think. I was here two years.

Q. Do you think it amounted to as much as or more than \$30,000?—A. No, sir; I should not think it was \$30,000; or, at least, not more than that amount. I don't remember, however. The question never occurred to me before.

Q. Was any stock in this company held by any persons about Washington during that time?—A. I don't know that there was any stock held by anybody here. Some stock was issued to Judge Field in 1868.

Q. Do you mean Judge Field of the Supreme Court?—A. Yes, sir.

Q. How much?—A. I think 200 shares. He declined to pay the assessment, and the stock was returned to the company.

Q. You own 1,400 shares yourself?—A. Yes, sir.

Q. And there were 200 shares issued to Judge Field, but he never paid the assessment and therefore did not take them?—A. No, sir.

Q. The assessment, you have testified heretofore, was \$9 per share?—A. That is my recollection of it.

Q. Was no stock issued to anybody else?—A. No, sir.

Q. Nor assessed to anybody else?—A. Not that I know of.

Q. Is there no stockholder here now but yourself?—A. Not that I know of, and there never has been.

By Mr. JEFFRIES:

Q. Was not Judge Hood promised some stock and named?—A. He was named, but never received the stock.

By Mr. CHAPIN:

Q. Was the stock ever issued to Judge Field?—A. I think it was.

Q. He did not pay for it?—A. He was to pay for it. He did pay \$8,000 and got \$12,000 for it. I did not know that until I heard him say so myself.

By Mr. WOOD:

Q. Did not you just state that he did not pay the assessment for the stock?—A. It is recently that I heard him say he paid \$8,000 for the stock and sold it for \$12,000. They brought him an assessment, he said, of \$15 per share. This came up recently in this Capitol building. He came in and said something about it in a jocose way, and explained that.

By Mr. HILL:

Q. There has never been but the one assessment, has there?—A. No, sir.

Q. That was \$9 a share?—A. Yes; that is my recollection of it. I have not inquired since. I have always thought I was right about it. It would be very easy, however, to ascertain exactly what that assessment was.

By Mr. WOOD:

Q. I want you to reconcile this if you can: I understand you to say, in reply to Mr. Hill, that Judge Field did not take his stock, in consequence of the \$9 assessment?—A. I never knew that he paid anything on it until he said that he paid \$8,000 for it and sold it for \$12,000. He

said, when the assessment was made, that it was more money than he had, and he did not pay it, and sold the stock.

Q. Had the company an incorporated existence at that time?—A. Yes, sir; it was incorporated in 1868.

Q. How much a share was its par value?—A. One hundred dollars.

Q. Was there any market for it?—A. No, sir; there was no market for it. It existed only on paper. The Alaska Commercial Company owned nothing.

Q. It had no property?—A. No, sir; it had no property at that time. The first thing that it had at all that had any value was the lease that was awarded to it.

Q. Was this stock issued before or after the lease?—A. Before the lease; when it was first organized.

Q. Then, at that time, it was in an embryo condition, and had property, and had, in fact, nothing?—A. Yes, sir.

By Mr. HILL:

Q. When did you buy Judge Field's interest?—A. I think it was bought in 1871. It was either 1870 or 1871.

Q. Did he pay the \$8,000 before or after the lease?—A. I say I never knew of his paying any money. I knew nothing about it. I never saw the books.

Q. When was the assessment of \$9 paid?—A. It was after the lease.

By Mr. WOOD:

Q. How many shares were there?—A. The capital stock was \$2,000,000. There were 20,000 shares at \$100.

By Mr. CHAPIN:

Q. Explain to me about Judge Field's stock. This \$9 was, as I understand you, an assessment on the stock?—A. Yes, sir. The Alaska Commercial Company owned nothing until it obtained the lease. Then it owned the lease.

Q. Judge Field owned this stock prior to the obtaining of the lease?—A. If it was issued to him at all, it was issued to him in 1868, before there was any law.

Q. Was it issued to him without the payment of any money?—A. He says \$8,000 was paid by him. I don't know that.

By Mr. WOOD:

Q. You never knew of his paying any money?—A. No, sir, I never did; I never have thought of it.

By Mr. BURCHARD:

Q. I understand you that this stock was allotted to different persons, nothing paid at the time of the allotment, but liable to an assessment for whatever was necessary as working capital of the company?—A. Yes, sir; that was so with all the parties who received the stock. Williams, Haven & Co., had stock issued to them for their interest, as all the parties had, to be assessed for whatever was necessary for the working of the business.

Q. Were all the parties assessed pro rata on the stock?—A. Yes, sir, all. I was also.

Q. Was the assessment all paid in money?—A. The members of our company had property to sell to the company. Hutchinson, Kohle & Co. had property to sell to the Alaska Commercial Company. We did not have to pay money. The money that was paid in by the other stock

holders went to pay for their indebtedness. Hutchinson, Kohle & Co. owned the vessels, buildings, stock of goods, and all machinery for conducting the business, which was sold to the Alaska Commercial Company.

Q. Was it necessary to raise some money aside from what property was put in by your company?—A. Yes, sir; they had to raise money enough to send goods to the island to commence with.

By Mr. WOOD:

Q. You put \$55,000 here, I think?—A. I deposited \$55,000 in bonds in the Treasury Department for the security of the rent.

Q. Who furnished that money?—A. I did. I telegraphed to San Francisco for it.

Q. From the company or yourself individually?—A. I telegraphed individually, the same as I got all my money. I kept a memorandum, and it was charged to the company. It was part of the assessment.

By Mr. BURCHARD:

Q. This cash assessment went in to make up that deposit?—A. Yes, sir; the company borrowed the money of Hutchinson, Kohle & Co. to do it with.

By Mr. HILL:

Q. The \$20,000 or \$30,000 expenses which you refer to of course does not include any of that \$55,000 deposit?—A. No, sir; it includes attorneys' fees and ordinary expenses of living here.

By Mr. WOOD:

Q. You were under a salary yourself, were you not?—A. Not at that time; no, sir. I think I was here three years without any sum ever being allowed me.

The following communications from Robert Desty was received by the committee and ordered on file as part of the testimony in the case:

SAN FRANCISCO, *February 28, 1876.*

To the Hon. COMMITTEE OF WAYS AND MEANS,

In the Congress of the United States:

GENTLEMEN: I perceive an investigation into the affairs of Alaska has been ordered, and I believe the matter has been submitted to a committee, and by the public press I see that parties who have complaints to make against the conduct of the Alaska Commercial Company are invited to come and detail their grievances.

This is not the way to arrive at the truth, since parties who know most are least able to travel so far as Washington, at great expense, for the political purpose of unmasking corruption. If Congress is sincere and this is not another whitewashing affair such as the Professor Elliot investigation, let them appoint, through their committee, a commission in this city to gather proofs, for their consideration. The charges are not so much mismanagement of their affairs as a commercial company; this is a sophistry. They are:

1. Their lease or contract was obtained by fraud and corruption, to be proved by evidence from the books of the company, if accessible, and the oaths of the senators and representatives who lent their influence to accept the bid of the company, when ten other bids were more favorable to the nation and to the natives themselves, as the terms of the various bids, the best of which I possess clearly shows. Among those who should be examined and who I have reason to believe are implicated, are Mr. Morton, Mr. Boutwell, Mr. Chapel, of Connecticut, and the delegation to Congress from this State at that time. How to extract the truth from them is a question which your wisdom must grapple with. All I can say, I know they could disclose all if they chose.

2. Fraud and corruption on the part of the United States officials, in complicity with the original firm of Hutchinson & Hirsh, in taking possession of Alaska, appropriating property to their use which should have reverted to the United States, bring-

ing up with their first advent in the country at the taking possession, a whole cargo of liquors to Sitka, and smuggling it into the commissary department at Sitka, and generally using their official influence and powers to smuggle it for the use and profit of the original company. Witness, Mr. Levy, of Sitka, now, I believe, temporarily in San Francisco.

3. The continued use of Government vessels in the interest of the company, and the fact that Government agents, while acting as such in the Territory, advertise themselves publicly, as likewise the agents of the company; witnesses, the agents themselves. The records will show their names; also copies of public notices set up by them in Alaska, telling the natives to trade with none but agents of the company, who are their sovereignty, under the pains and penalties of the law. These copies can be got in San Francisco, I believe.

3. Robbery and pillage of private property by Captain Smith, of their schooner Eustace, and only partial restitution when brought up before the court of justice; witnesses, C. J. Jansen, of this city, one of the parties despoiled, who forced them to disgorge his share; also Captain Bean, of Alaska, not so accessible; also all the natives who owned shares of the property despoiled.

Incident, when the Alexander, of the company, was arriving with the robbed property, a vessel was sent out to meet her, (a revenue-cutter, I believe,) and off the heads, the stolen property was unloaded and transported to Mariuleo, and there landed and transported around the bay to the cellar of the house of the company, so that when the court officers went to search the vessel at the wharf nothing of the stolen property was found on her, and Mr. Jansen was foiled, though subsequently, by finding out the above facts, forced them to make restitution in cash.

4. Robbery, violence, and pillage by the company of property and rights of Taylor & Bendel, rival bidders for the seal-islands, afterward on compromise of a law-suit, but not till publicly exposed in a pamphlet which I possess, at a cost of \$180,000 to the company.

5. Falsely registering the steamer Fideliter, a foreign-built ship, which runs to this day on our waters upon this false registration, and which I have informed the collector of this port of, pointing to indubitable record-proofs of the fact in view, proving the further complicity of Government officials in the fraud of the company. Corruption in the Treasury Department in releasing the forfeiture (done by Mr. Boutwell) on a previous seizure, where she was condemned for said fraudulent registry. (See 1 Sawyer's Reports.)

5. Flooding Alaska with liquors put up in bottles to simulate "Florida water," and using this agent as a means of controlling the natives to their purposes. Causing them in their inebriation to commit even murder. Proof, the murder of one Harrison; witness, Benjamin Levy, his partner, now in Alaska, whose statement written out is now in my possession; their immediate agent who used the Indians for this purpose being known in the Territory as "Black Bill," and recognized as a ruffian by all who know him.

6. Maintaining in Alaska, concealed in themountains, a large distillery with a capacity to flood the country with liquor, thereby avoiding the necessity of transporting it thither; witness, Benjamin Levy, who has seen it and knows where to find it; witness, Major Campell, at Sitka, who has a sworn affidavit in his possession attesting to the fact; General Miller's complicity with the company while he was collector of this port; but how to draw it out is likewise a question for your wisdom rather than my suggestion.

His knowledge and complicity led to his accession as president of the company, for which he readily resigned the honorable and lucrative appointment which he held.

The entire transaction, from its incipency in the fertile brain of Hutchinson at Washington down to the present date, has exhibited the anomaly of the Government of the United States as partner with a commercial company, without surrendering its sovereignty as it should do in the affairs of the partnership, but on the contrary using its arms, particularly its Navy and notoriously its cabinet officials, to ward off opposition to its trade, and being implicated in the acts of violence, robbery, and bloodshed, which is the policy of the company in its effort to create a monopoly, aiding and abetting in defrauding itself, and without compensation to itself as a Government, the profits being divided as private gain, extorted by the power which they wield as Government officials.

That the report of Professor Elliot is false in fact, I refer you to any of the officers of the (Portsmouth, I believe) vessel which took him up to the islands.

That this is a question which merits an honest, true, thorough and searching investigation, will be apparent, and the very fact that the company clamor for investigation should put the Government, or rather the legislative branch of the Government, on its guard, and cause them to see that the investigation does not take the direction dictated by the company or its officers, some of whom reside permanently at Washington for the express purpose of guarding against a surprise.

They are like the thief who aims to keep himself always ready to be searched, depending on having the search directed by himself.

Gentlemen, I am not a trader, never was, and never likely to be, have no interest in Alaska, but for many years I have been a close student of its affairs, and have contributed some to writing up its resources, which I believe to be greatly underrated by the company; and desiring to see an honest administration of the affairs of Government, I took the liberty thus to address you, with the assurance that I shall ever remain.

Yours to command,

R. DESTY,
611 Clay street.

P. S.—Senator Jones, of Nevada, has documents relating to Alaska, furnished by me, to which I respectfully refer you.

Yours, &c.,

R. D.

To the Committee of Ways and Means, United States Congress:

GENTLEMEN: Some time since I forwarded to you a collection of documents and a written statement of the affairs of the Alaska Commercial Company. Since that time I have taken especial pains to investigate as far as I was able the matters involved therein, and I have become convinced that most of the charges against the company are not founded on facts which can be proved; but, on the contrary, they are emanations from a source opposed to this company, with the avowed purpose of breaking up the business of the company for their own gain and advantage. I therefore desire to retract all charges, so far as I am personally concerned, and withdraw from all connection with the statements and charges alluded to, as I have no personal knowledge on the subject and wrote from hearsay-information exclusively.

I remain, respectfully, your obedient servant,

R. DESTY,
611 Clay street.

SAN FRANCISCO, May 1, 1876.

Statement of Robert Desty, Esq.

Having written nearly all the newspaper articles which have appeared in the San Francisco papers during the last seven years against the Alaska Commercial Company, and being the author, in print, of most of the charges which have been published against that company in the form of memorials, circulars, pamphlets, &c., I deem it incumbent on me to make the following statement, as an act of justice to the company as well as to myself.

My excuse for making this statement at this time is that I have found upon investigation recently made that I have been imposed upon and deceived into publishing these statements and charges against the company, which have no foundation in fact. Being a poor man, and a writer, I wrote upon this subject such things as I was required to write by those who employed me, and being a radical in politics, of the French school, I was the more easily deceived, and more readily accepted the statements which charged oppression and wrongful acts upon the part of this powerful company as true, and wrote them up with all the vigor and zeal I possessed, induced by my natural desire to protect the weak against the strong, as I then believed it was my duty. Many circumstances have transpired within these years which I now see ought to have awakened my suspicion as to the falsity and exaggeration of the statements made to me, and which I shaped for publication, which no doubt would have awakened suspicion in a less confiding and enthusiastic mind. When I perceived the effect of all these publications, I determined to investigate these charges more closely for myself, and no longer adopt the hearsay statements of others, as I had heretofore done; and the result satisfies me beyond a doubt that I have done great wrong to individuals who never injured me, and whom I am not even acquainted with by sight; and being about to quit the United States for my native land, I am anxious to efface that wrong, as far as lies in my power, before my departure.

It is well known that there has existed in this city for several years a combination of individuals, mostly fur-dealers, who singly and together under various names have made common cause against the Alaska Commercial Company. For a time they took the name of "The Alaska Traders' Protective Association," C. J. Janson, president; lately they have assumed the name, "The Anti-Monopoly Association of the Pacific Coast," Charles Lerge, secretary.

This combination, as I have been informed and believe, consists of seven or eight persons, viz: C. J. Janson, J. & D. Shirpser, Louis Goldstone, Simon Koshland, Taylor & Bendel, and A. Houcharenko. I was invited to become a member, but, being informed that it was a secret and proscriptive society, I declined to do so, and not being

acquainted with the obligations necessarily to be taken, I deemed it prudent not to affiliate with them.

It was in the interest of this combination, as I now discover, that I was employed to write, and the alleged facts and charges which I have from time to time written and published against the company were furnished by one and another of these parties, and others, in written memoranda furnished by the pen of Houcharenko, and which I elaborated into the articles which appeared in print. I wrote nearly all of the articles which appeared against the company in the Alaska Herald, a paper published in San Francisco for several years by A. Houcharenko, and supported by the above combination and their sympathisers, it having no circulation sufficient to even partially sustain it. I wrote what I was told to write, and Houcharenko promised to pay me for my services, but failed to do so; I am therefore under no obligation to keep secret any of his actions, of his own original promptings, or as representing the combination working against the Alaska Commercial Company.

The pamphlet published in the interests of Taylor & Bendel, called the "History of the Wrongs of Alaska," was mostly composed of statements and charges made by me in the Alaska Herald and other sources—the articles written by me and published in the Alaska Herald and other San Francisco papers, and in the New York and Chicago papers. The memorials copied therein were for the most part written by me, and this pamphlet entitled "Extraordinary Developments in regard to the Alaska Commercial Company," signed "Veritas," dated November 11, 1871, also embodies the reasoning contained in a constitutional argument furnished by me to Mr. C. J. Jansen, who paid me \$40 for writing it, and who gave me the data or facts upon which it was grounded. The "suppressed petition," so called, which is copied into the pamphlet, was originally published by Houcharenko in the Alaska Herald, and was a fabrication by Houcharenko, himself. He dictated it to me as a translation from the Russian, and I [corrected it for him and put it into shape fit for publication, he being incapable of doing so himself, and affixed a list of names to it which he furnished me from a slip of paper, which names he informed me were those of residents of Alaska who intended to sign the petition, but which came down in this shape, as they were unacquainted with the mode and form of getting up petitions. This petition purports to come from the Aleuts of Saint George Island, and charges the Alaska Commercial Company with all manner of oppression and wrong-doing. In forging this petition Houcharenko was unfortunate enough to attach the names of five Aleuts who were actually dead before the date of the petition, which I subsequently learned, and which information was the first intimation to me that aroused my suspicion of the forgery. This error occurred by his taking the names from a list of the men of Saint George Island made out three or four years previous, and in the mean time five of them had died without his being informed of the fact.

Houcharenko, like myself, never was in Alaska. The company had no difficulty in conclusively proving the petition a forgery, and when it was so proved a forgery, Houcharenko did not deny the fabrication; and when I charged him with its falsity and the bad faith of the transaction, he tried to smooth it over as a work of policy or necessity. I had no hand in this infamous transaction other than to correct his manuscript, of what he called a translation from the Russian, and put it in form fit for publication.

I wrote at the instance of the members of this combination, as expressed through Houcharenko, who professed to be their mouth-piece, many articles for the papers, notable among which were articles published under the heading "The Alaska Swindle," and which were extensively copied throughout the country. Of all I have ever written I never wrote a line from facts within my own knowledge, but always from hearsay information. I know of no fact against the company.

The object and purpose of all these various publications on the part of this combination was to raise a public clamor against the Alaska Commercial Company, and by charging fraud and oppression continually, make the company so odious to the public that Congress would take action toward the abrogation of its contract of lease for the Seal Islands. From such congressional action certain members of this combination, if not all of them, expected to profit, in what particular manner I do not pretend to say. This object and purpose was avowed and declared to me, and was that which inspired all my writings and communications so published from time to time.

The pamphlet entitled "A History of the Wrongs of Alaska," as well as all the leading pamphlets on the subject, were sent to all the principal newspaper offices in the United States and to many leading men throughout the country, at the expense, as I verily believe, of the members of this combination, as neither Houcharenko nor myself could have paid for their publication and transmission, and was done in pursuance of the design above mentioned; but as little attention, comparatively, was paid to them, the expectations of the combination were not realized until they found official recognition by General O. O. Howard, who attached the said pamphlet to his official report on Alaska. In this way it was placed before Congress and printed at Government expense as an executive document, and at once formed the basis of a congressional investigation.

This was a success for the combination which caused great exultation, and hearing

of their comments upon the same under their excitement of victory, I began to investigate for myself.

I now am aware that a conspiracy to destroy the business of the Alaska Commercial Company by persistent libel exists, and has existed for six years, and that I have been deceived into the performance of a prominent part in the scheme, unwittingly and without the motive which has actuated those who have employed me. I have found that there is no reliable evidence to sustain a single charge that I have been induced to make against the company, but, on the contrary, there is abundant evidence to disprove all these charges.

I now desire to retract all I have written against the company, and this I do freely and voluntarily, without fear or compulsion of any sort, but as an act of simple justice.

ROBT. DESTY,
611 *Clay street.*

SAN FRANCISCO, *May 1, 1876.*