

WASHINGTON.

Substance of the Report on the German National Bank.

The Directors Strongly Censured for Failing to Guard the Moneys,

And Allowing the Greenebaum Man- agement to Wreck the Concern.

Democratic Plan to Rob Min- nesota of Her Repub- lican Majority,

By Ousting Congressman Wash- burn and Seating Ignatius Donnelly.

The Ponca Indians Pleading Their Case Before a Special Committee of Congress.

J. D. Harvey Appointed Receiver of the Manufacturers' Na- tional Bank.

Probability of a Bitter Debate Over the Fitz John Porter Case.

A Lively Breeze Yesterday Over the Census Supervisor Appoint- ments for Ohio.

THE GERMAN NATIONAL.

WHERE THE BLAME ATTACHES.

Special Dispatch to The Chicago Tribune.

WASHINGTON, D. C., Feb. 11.—Following is the report of the German National Bank Investigating Committee, submitted to the House this morning by Mr. Price. Mr. Price begins with quoting the resolution of the House under which the Committee was organized, and says:

"In compliance with which resolution the Subcommittee, consisting of Buckner, Lounsbury, and Price, visited Chicago on the 16th day of October, 1879. Mr. Edmund Jassen appeared as attorney for the petitioners at whose instance the investigation was asked for. James M. Flower, Receiver of the German National Bank, and Henry Greenebaum, who was President of the bank before and at the time of the failure, were also present. The Committee remained in session for several days, examining witnesses in reference to all matters complained of, and also in examining the books of the bank, in which examination the Committee was assisted by an expert accountant. The testimony of all witnesses demonstrated very conclusively that great irregularity had been practiced in conducting the affairs of the bank, and that the manner of keeping books had been of such a character as to make it very difficult for even an expert accountant to ascertain the nature of the transactions. The irregularities were so numerous and so great as to impress the minds of the Committee with a suspicion that

THEY WERE INTENTIONAL.

The language of one of the witnesses who was introduced as an expert bookkeeper, is: 'I think they have been kept in a very loose manner, and in making the examination we have found many entries of a blank character.' Again this witness says: 'Only a party familiar with the books could trace many of the entries.' Again he says: 'As a rule the entries are of such a blind character that it is with great difficulty that anything could be traced to its true origin.'

"Your Committee also find that good assets were used after failure of the bank to pay preferred creditors, which was clearly in violation of law. So far as the acts of the Controller of the Currency and of the Receiver are concerned, the letters put in evidence and the testimony of witnesses on the stand indicate a disposition on the part of those officers to protect the rights of the stockholders and creditors of the bank. Possibly a little more vigilance and energy might have been exercised to good purpose. And in the opinion of your Committee a fair construction of law would have authorized and justified those officers in adopting more stringent measures towards the Directors and managing officers of the bank, for the testimony

DISCLOSES THE FACT

that transfers were made on the books of the bank by which good assets were used to pay preferred creditors of the bank. Such transfers are clearly under law not only voidable but absolutely void. At the time of the failure of the bank, in December, 1877, its affairs, as appears from testimony, were put into the hands of a managing committee, consisting of Henry Greenebaum, President, with the Vice-President and Cashier of the bank, and this Committee had entire control of its affairs until December, 1878; and during all of this year, as appears from the testimony, Henry Greenebaum was really the managing man and controlled the assets of the bank, and it was during this time that the assets of the bank shrunk from what he said was 80 or 90 per cent of its par value to nearly nothing. In one instance the testimony of Mr. Flower is, that the bank lost \$20,000, and that Henry Greenebaum got the money. The overdrafts of persons doing business with the bank were allowed to run up sometimes to nearly \$100,000, for which there was no security, and in addition to this memorandums or slips of paper, made by Henry Greenebaum, amounting to \$15,000, were counted as cash.

THE WHOLE SECRET

of the trouble with the German National Bank of Chicago, as disclosed by testimony, has arisen from the fact that the Directors, whose sworn duty it was to watch over and guard the interests of the stockholders and creditors of the bank, have utterly failed to attend to their duty, but have allowed one or two men to manage its affairs and handle its funds as they saw proper; and if the creditors of a National bank have not the right of action at common law or in equity against the Board of Directors, who, by wrong action or neglect of duty, cause a loss to stockholders or creditors, then the law should be so changed as to give that remedy. As an evidence that there was gross negligence on the part of those whose sworn duty it was to see that the bank was conducted according to law, if, indeed, it did not amount to criminal wrong, your Committee call attention to the fact that on the 6th of December, 1877, the books of the bank did not show any overdrafts, while a balance-sheet or statement of affairs of the bank on the same day showed an overdraft of \$92,000. The grounds for

MAKING THIS INVESTIGATION

by Congress, as disclosed by a petition presented to the House, presupposed mismanagement, if not criminal management, of the affairs of the bank by some of its officers, as well as a charge of failure on the part of the Controller of the Currency to institute a criminal prosecution of the alleged delinquents, and an indisposition on the part of the Receiver to do his duty in the premises. It appears that when application was made to the Controller, embodying the charges against the officers of the bank, that he promptly referred the matter to the Solicitor of the Treasury, and that he, with the assent of the Attorney-General, directed the United States Attorney for the Northern District of Illinois to lay the matter before the Grand Jury; but at the time this order was made there was no Grand Jury in session, and shortly thereafter the attorney for the Government resigned his position, and a successor had been appointed but a short time before the Committee met at Chicago. No preliminary examination of the charges against the bank officers had been made, nor had any arrests been made with a view to such preliminary examination; but your Committee have learned that since the investigation these charges against the late President have been presented to the first Grand Jury impaneled after the order of the Solicitor of the Treasury was received, and

THAT AN INDICTMENT HAS BEEN FOUND
and the officer thus indicted has been held to

trial, and his case will be ready for trial at the next term of court. Your Committee reaffirm that the leading and principal cause of the failure of this bank is the fact that the Directors utterly failed in their duty to watch over the affairs of the bank, and we recommend that the National Bank act be so amended as to hold to a more strict accountability all Directors, and also that stockholders, whose business it is to elect Directors, should in no case be relieved from personal responsibility to the creditors of their bank until they shall have paid not only the amount of stock held by them, but also an additional sum equal to said stock."

CONTROLLER KNOX

is not in the city, and his opinion of the criticisms upon his course contained in the report of the Banking and Currency Committee on the German National Bank cannot be ascertained. Mr. Knox watched the progress of the investigation, however, and it is very evident that he will take issue with the Committee that his management of the affairs of that bank was in any way lax.