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IN THE SENATE OF THE UNITED STATES.

LETTER

FROM

THE SECRETARY OF THE INTERIOR,

REPORTING

The results of an examination of the claim of W. B. Munson, of Denison, Tex., against the Chickasaw tribe of Indians.

JANUARY 9, 1895.—Referred to the Committee on Indian Affairs and ordered to be printed.

DEPARTMENT OF THE INTERIOR,
Washington, January 7, 1895.

SIR: In compliance with the provisions of the act of Congress approved August 15, 1894 (28 Stats., 312), directing the Secretary of the Interior "to make a thorough examination of the claim of W. B. Munson, of Denison, Tex., against the Chickasaw tribe of Indians for the amounts named in certain orders or drafts drawn by R. H. Saunders in favor of the First National Bank of Denison, Tex., dated December 10, 1880, and directed to Hon. Robert L. Boyd, auditor Chickasaw Nation, Indian Territory, and by him accepted January 6, 1881, and to make a full report of the finding of the facts to Congress in December next," the following is submitted, viz:

The claim in question grows out of certain drafts or orders drawn on December 10, 1880, by R. H. Saunders, in the following terms, to wit:

FIRST NATIONAL BANK,
Denison, Tex., Dec. 10, 1880.

Please deliver to the First National Bank, or order, a split warrant out of first pay due me after February 1, 1881, \$2,000

R. H. SAUNDERS.

Hon. ROBT. L. BOYD,
Auditor Chickasaw Nation, Ind. T.

and

FIRST NATIONAL BANK,
Denison, Tex., Dec. 10, 1880.

Please deliver to the First National Bank of Denison out of my pay due me after February 1, 1881, a split warrant for \$2,000.

R. H. SAUNDERS.

Hon. ROBT. L. BOYD,
Auditor Chickasaw Nation, Ind. T.

each of which orders is indorsed as follows:

Accepted January 6, 1881.

ROBT. L. BOYD, *Auditor.*

These, with an order for \$600, in other respects similar to the above, which appears to have been issued, and which is not denied, and upon which a payment of \$240 is acknowledged to have been made, make up the basis of the claim in question, amounting to \$4,400 (after deducting the \$240 above referred to), with interest at 8 per cent per annum.

In presenting this claim, Mr. W. H. Selden, attorney for Mr. Munson, states that in 1879, when the school building situated at Lebanon, Ind. T. (of which the said R. H. Saunders was the superintendent under a contract with the Chickasaw Nation), belonging to the Chickasaw Nation, was burned, a balance of \$5,500 was due the said superintendent on account of his salary.

It further appears that the nation claimed to be unable to rebuild the school house and to pay the amount claimed by the superintendent; that in consideration of a new contract, whereby he was to teach and board sixty students for \$12,000 per year, he relinquished the amount then due him to Edward Perry, who had contracted to rebuild said school building, and that the said sum of \$5,500 was retained by the Chickasaw Nation and paid to the contractor on the new building as part payment of the cost of erection.

Other orders issued by the said Saunders prior to those hereinbefore referred to, in favor of the First National Bank, appear to have been accepted by the auditor of the nation, notably one for \$1,300 and one for \$5,000, which were subsequently covered by a national warrant, issued February 17, 1881, for \$6,300, in favor of the bank above named. This warrant seems to have been in payment of services rendered by Saunders, under his new contract, for the school term ending February 1, 1881, and in reference to which there appears to be no controversy.

This warrant seems subsequently to have been divided into six warrants of \$1,000 each and one of \$300.

The contract of Mr. Saunders with the Chickasaw Nation was abrogated by the latter on March 23, 1881, one month and twenty-four days after the commencement of the second school term for the year ending June 30, 1881, for "flagrant violation of his contract," and on September 6 of that year an additional warrant was issued "to R. H. Saunders, contractor, Orphan's Home, for services rendered from February 1st to March 24, 1881, \$1,890." (Warrant No. 193.)

The orders first recited, which appear to be those in controversy, were issued in anticipation of services to be rendered *after* February 1, 1881. As above stated, services were so rendered for only one and four-fifths of a month, amounting to \$1,890.

Further, it appears that the said orders (the two of \$2,000 each) were held by the said First National Bank as collateral for paper issued by R. H. Saunders, and by him and Hanna, Owens & Co. and Waterman, Star & Co. jointly.

On June 27, 1881, Mr. Edward Perry, vice-president of the bank referred to, addressed these firms as follows, viz:

I am now holding orders on the auditor of the Chickasaw Nation, signed R. H. Saunders, for his salary as teacher of Lebanon Academy, to the extent of \$4,000. The orders are accepted by said auditor, and are for salary due said R. H. Saunders after the 1st day of February, 1881. I hereby agree that said orders are to be held by me as collateral security for payment of notes following, and that I will pro rate proceeds of said collateral equally toward liquidation of same. Note dated 14th of July, 1880, for \$950 and interest, signed by R. H. Saunders and yourselves, due twenty months after date; note signed by R. H. Saunders for \$439.55, past due; note signed by R. H. Saunders and Waterman, Star & Co., due 15th September, 1881, for \$1,686.55; note R. H. Saunders for \$856.50, past due.

EDWARD PERRY, V. P.

This exposition by the bank official named, which was several months subsequent to the abrogation of Mr. Saunders's contract, clearly indicates that the orders referred to were held by the bank as collateral for loans, not to the Chickasaw Nation, but to R. H. Saunders individually, and to him and the firms named, the latter either as principals with him or as indorsers on his paper (which, however, does not clearly appear). These loans, as specified by Mr. Perry, aggregate \$3,932.60.

It further appears that the note of R. H. Saunders and Waterman, Star & Co., due 15th of September, 1881, for \$1,686.55, specified in the before named letter of Mr. Perry, was not paid by Mr. Saunders when due, and that the said First National Bank, of Denison, brought suit in the United States court at Dallas, Tex., against the said Saunders and Waterman, Star & Co., and that judgment in favor of the bank was rendered against the defendants, and that the judgment was paid in full by Waterman, Star & Co.

This payment reduced the indebtedness of Mr. Saunders to the First National Bank from \$3,932.60 to \$2,246.05, and further establishes the fact that their claim was against the individuals referred to and not against the Chickasaw Nation..

Up to this stage these various transactions seem to have been considered in the light of business engagements between the First National Bank and the individuals named.

On this point Mr. Perry, in an affidavit made by him on June 28, 1892, says:

Affiant further says that the said three drafts, excepting the \$240 paid as aforesaid, are now due and payable to W. B. Munson, of Denison, Tex., who is the ex-president of the said First National Bank, and became so in the following manner: When, some years ago, the said Munson desiring to retire from the banking business, and having arranged for a sale of the said bank, these drafts having become a suspended debt, the purchasers refused to accept them as assets, whereupon the same were written off to the said Munson.

Therefore, it would seem that not until subsequent to this last-named transaction were the orders in controversy made to assume the character of a claim against the Chickasaw Nation.

In an affidavit made at Tishomingo, Chickasaw Nation, Ind. T., on July 9, 1894, Jonas Wolf, governor of the Chickasaw Nation, says, in respect to any claims against the nation on account of the accepted orders referred to:

That he is at the present time governor of the Chickasaw Nation, Indian Territory, and that he has filled said position since September, 1892; also that he was governor of said nation in 1884, until September, 1886, and that during said periods the First National Bank of Denison, Tex., or W. B. Munson, made no claims to him for amounts due on account of assignment of auditor's warrants on said nation, or in any other manner on account of moneys due from said nation to Dr. R. H. Saunders.

In a letter dated June 29, 1894, upon the subject of the two acceptances in question, Mr. L. L. Maughs, of Denison, Tex., says:

We want to insist here again, that this is an honest and legitimate demand; that we have pursued the Chickasaw Nation steadily since. The writer himself presented the matter in person to the Chickasaw legislature on two different occasions, and not only failed to secure payment, but failed to receive at their hands even that consideration that common decency demands.

C. A. Burris, "judge of the district court in and for the Chickasaw Nation," in an affidavit made at Tishomingo, Chickasaw Nation, Ind. T., July 9, 1894, deposes and says as follows:

There is no law of the Chickasaw Nation, Indian Territory, authorizing the auditor of said nation to accept an order for warrant for moneys due any party or par-

ties by said nation, nor has there been such authority conferred upon said auditor since 1880, as will more fully appear in section 4 of the Chickasaw laws of said nation, "entitled an act defining the duties of auditor of public accounts." Affiant further says that such orders so accepted by the auditor are only accommodation acceptances for the benefit of giver or payee of same, and the said nation is only responsible for the actual amount due or to become due the party giving the same.

Section 4 of the laws of the Chickasaw Nation, above alluded to, is as follows:

Be it further enacted, That he shall draw warrants on the Treasury for the payment of all moneys directed by law to be paid out of the Treasury, and no warrants shall be drawn unless authorized by law; and every warrant shall refer to the law under which it is drawn; and no warrant shall be issued in favor of any person, or agent, or assignee of any person indebted to the nation, unless such debt be paid.

* * * * *
Approved October 2, 1876.

Very respectfully,

HOKE SMITH, *Secretary.*

THE PRESIDENT OF THE SENATE.

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