

OVERPAYMENTS OF INTEREST ON INDIAN TRUST BONDS.

LETTER

FROM

THE SECRETARY OF THE TREASURY,

TRANSMITTING

A report of the First Comptroller relative to the adjustment of the accounts of the State of Louisiana with the United States in respect to overpayments of interest on State bonds held as Indian trust funds.

DECEMBER 11, 1888.—Referred to the Committee on Appropriations and ordered to be printed.

TREASURY DEPARTMENT,
December 8, 1888.

SIR: I have the honor to transmit herewith, for the consideration of Congress, copy of a report of the First Comptroller, of November 12, 1888, upon the petition of the State of Louisiana for an adjustment of the accounts of that State with the United States, from which it will be seen that the sum of \$13,602.71 was due said State on June 30, 1888, on account of overpayments of interest on the bonds of the State held as Indian trust funds by the United States.

Respectfully, yours,

C. S. FAIRCHILD,
Secretary.

The SPEAKER OF THE HOUSE OF REPRESENTATIVES.

TREASURY DEPARTMENT,
FIRST COMPTROLLER'S OFFICE,
Washington, D. C., November 12, 1888.

SIR: I have the honor to state that I have examined the petition of the State of Louisiana, by John McHenry, her agent, to you, asking a full statement of the accounts as between the Government of the United States and said State of Louisiana, which petition you referred to me a few days since for report.

I have caused a thorough examination of the accounts referred to in said petition to be made, and I transmit herewith a detailed statement of the same, marked A.

It appears from said statement that there is due to the State of Louisiana, of overpayments made on Indian trust funds held by the United States against the United States, the sum of \$13,602.71, as of June 30, 1888. There was due on said trust funds from said State on the first day of the present month the sum of \$1,110, which, deducted from the above sum, leaves \$12,492.71. It seems to me desirable to close up the matter to the end of the last fiscal year, and that, as there was really due at that time the sum of \$13,602.71, that sum should be reported to Congress for an appropriation, if, in your judgment, the facts hereafter stated should not be taken into consideration.

Other accounts for proceeds of land sold, to which the State of Louisiana is entitled, are being adjusted in the General Land Office and in this office, so that, before Congress should make the above appropriation, much more than the above sum of \$1,110 will be due to the State of Louisiana.

It is proper to state that this matter was the subject of litigation as between the State of Louisiana and the United States. Judgment was rendered in favor of the State of Louisiana in the Court of Claims for \$43,572.71, but the case being appealed to the Supreme Court of the United States, that judgment was reversed, and judgment rendered in favor of the United States, the court ruling that of the above sum \$13,602.71 was barred by the lapse of time, which sum is the same as that now reported to be due to the State of Louisiana, as shown by the statement herewith submitted.

The question is also presented as to whether the United States will avail itself of the statute of limitations in regard to the above claim, and I respectfully suggest that you either decide the question or submit the whole matter to Congress for its action.

The petition of the State of Louisiana, together with other papers, is herewith returned.

Respectfully, yours,

M. J. DUBHAM,
Comptroller.

The SECRETARY OF THE TREASURY.

PETITION OF THE STATE OF LOUISIANA.

To the honorable SECRETARY OF THE TREASURY:

The petition of the State of Louisiana, by John McHenry, her agent, respectfully shows as follows:

The petition is filed by virtue of the authority vested in me, the said McHenry, by an appointment made under the authority of the following act of the general assembly of said State, a copy of my power of attorney thereunder having heretofore been filed in this Department (No. 23).

AN ACT authorizing the governor of the State of Louisiana to employ counsel to assert the rights of the State to lands donated to the State by the Federal Government, or to recover the value of said lands in money or scrip.

SECTION 1. *Be it enacted by the general assembly of the State of Louisiana,* That the governor of the State be, and he is hereby, authorized to take the necessary steps to institute proceedings, to employ counsel, and to make the necessary agreement or agreements, to recover for the State the lands situated in the State of Louisiana and donated by several acts of Congress to the State for divers purposes, some of which have been illegally disposed of by the Federal Government, and other portions, though listed to the State, have been improperly suspended or rejected by the Federal Government and the approval to the State refused, or to recover the value of said lands, in money or Government scrip. *Provided,* That the State shall incur no cost or expense in the prosecution of the said claim other than an allowance to be made by the governor out of the lands, money, or scrip that may be recovered; the governor

is specially authorized herein to make all agreements and contracts to carry out the purposes of this act.

SEC. 2. *Be it further enacted, etc.,* That any settler under or holder of a patent from the land office of the United States, or purchaser of the same, under existing laws, shall not be in any manner affected by this resolution.

R. N. OGDEN,
Speaker of the House of Representatives.

S. D. MCENERY,
Lieutenant-Governor, and President of the Senate.

Approved, March 8, 1880.

LOUIS A. WILTZ,
Governor of the State of Louisiana.

A true copy.

WILL A. STRONG,
Secretary of State.

And he further shows that the State of Louisiana being entitled to a very considerable sum of money under act of February 20, 1811 (2nd S. L., 641.), as for 5 per cent. of the net proceeds of the sale of public lands, situate in the said State, and in a further sum under the act of September 23, 1850 (9th S. L., 519.), and acts amendatory thereof, as proceeds of swamp and overflowed lands in said State, and the said sums having been certified to the Treasury Department by the Department of the Interior and having been credited on an alleged claim of said State to the United States for unpaid direct taxes, the said State brought suit for said sums of money in the Court of Claims and recovered the same. Whereupon the United States appealed to its Supreme Court, where said judgment was affirmed and has since been paid. That subsequently the said State brought another suit in the Court of Claims for other sums of money due it under the said acts which had been credited partially on interest past due, and partially held to meet interest which had not matured, and partially upon unmatured principal of sundry bonds of the State of Louisiana, alleged to be held by the Treasury of the United States on account of the Indian trust funds.

Upon these last two petitions the Court of Claims gave judgment in favor of the State of Louisiana, whereupon the United States appealed to its Supreme Court, where the said judgment below was reversed; the said court holding that the said sums of money claimed by the State of Louisiana were in so far the property of the said State, free and discharged of trusts alleged to be impressed upon them by the statutes under which they arose, as that they might be properly set off against the liabilities of the said State of Louisiana to the United States on account of said Indian-trust funds.

Your petitioner, fully acquiescing in this decision of the court of last resort having jurisdiction of the subject-matter, now desires to bring to your attention the manner in which said funds due to the said State, which were embraced in the two last petitions, and which were heard as one by the Supreme Court, have been credited by the Department on said bonds of the State of Louisiana, believing that there have been certain clerical errors made in the manner of entering said credits which have injured to the detriment of petitioner, and which may properly and of right should be re-adjusted and corrected, so as to do justice to your petitioner in this matter.

The credits arising from the 5 per cent. fund were credited and applied as follows, to wit:

May 8, 1879, credit on interest	\$12,210.00
May 8, 1879, credit on principal	1,392.71
June 8, 1882, credit on interest	63.47
February 7, 1884, credit on interest	22,773.51
Total from 5 per cent	36,439.69

From swamp-land indemnity as follows, to wit:

March 26, 1886, credit on interest	302.32
March 26, 1886, credit on interest	3,500.70
Total swamp land	3,803.02
Total credits from both funds to last date	40,242.71

From this summary it will be observed that on May 8, 1879, there was a credit on the principal, which had not matured and will not for several years to come, the sum of \$1,392.71; it also appears that on that date the sum of \$12,210 was credited on interest, and it is understood, and it is believed correctly, that this credit paid up all of the interest on bonds of the State of Louisiana then held by the Treasury Department, and that none thereafter matured for several months. Just at this point it is desirable

to state that this credit of \$12,210, having been entered more than six years before the filing of the petition of the State of Louisiana in the Court of Claims, was treated as barred by the statute of limitation, and the fact was overlooked that it nevertheless extinguished *pro tanto* the amount of interest which had accrued up to that time; and, in consequence of this misapprehension, the credits which were applied after that date, being equivalent to the whole amount of interest which had accrued, it did not appear to the Supreme Court that there was anything due to the State of Louisiana; and your petitioner believes that on an examination of the accounts between your petitioner and the United States, it will appear that at the time the last credit was made, to wit, May 4, 1887, there was no interest due upon said bonds; and that therefore, practically, the sum of \$12,210 remains a sum on the last-named date uncredited and simply held to meet interest which had not accrued; and therefore that, instead of your petitioner having even the benefit of a reduction of the interest-bearing principal of its debt reduced on May 8, 1879, by a credit thereon of this sum of \$12,210, that sum has lain dormant whilst the principal was drawing interest, and that there has never been any interest to which this sum could be applied unless it be such as has accrued since May 1, 1887.

We desire now to return to the credits made after the last date in the table shown above, to wit, March 26, 1886, and they are as follows, to wit:

From swamp-land indemnity:

September 9, 1886, credit on interest.....	\$1, 110. 00
May 4, 1887, credit on interest	489. 59
May 2, 1887, credit on interest	787. 91
May 2, 1887, credit on interest	942. 50

Total since May 26, 1886..... 3, 330. 00

Making a total of all credits, \$43,572.71.

Whereupon the sum of \$1,392.72 is said to have been credited as part payment of principal, but no evidence of indebtedness thus paid has been delivered to your petitioner, nor, so far as your petitioner's agent is aware, has any been thus canceled.

Your petitioner further shows that according to the calculation made by the officers of your Department, it fully appears that, the total amount of interest up to May 1, 1887, was \$29,970, and as the whole amount of credits which have been made on account of interest, the last being made on May 4, 1887, is \$42,180. It is a mere question of arithmetic that the sum of \$12,210 remains in the Treasury on May 4, 1887, uncredited on either accrued interest or upon the interest-bearing principal, even unmaturing, of your petitioner.

In view of this plain statement of facts, made up as they are from the data furnished by your Department in answer to the calls of the Court of Claims or of the Attorney-General, your petitioner prays that these accounts may be re-adjusted and that all interest due from the State of Louisiana upon the indebtedness of said State may be deducted and credited as the same has matured, and that upon the application of said funds to the payment of said indebtedness, whether evidenced by coupons or by bonds, the said evidence of indebtedness may be turned over to the petitioner as satisfied and paid, and the petitioner respectfully submits that this course is not only just and right, but that it is in itself lawful and obligatory, and that it is due to the two sovereigns that these accounts should now be re-adjusted, and that the books of your Department made so as properly to represent the truth of the transaction correctly and clearly whilst the State of Louisiana and the United States are represented by agents and officers who fully and clearly understand the whole of these transactions, and your petitioner respectfully suggests that it is more than apparent that this course will avoid confusion, embarrassment, and perhaps injustice and litigation hereafter.

And your petitioner respectfully submits that this can be readily and simply done. That at the time the credit of \$12,210 on interest was rendered, to wit, May 8, 1879, that sum extinguished all the interest due then, the last unpaid coupons having matured four days previous, to wit, May 4, 1879; that there was no authority or power to enter the balance of the credits, to wit, \$1,392.71, on the books as a credit on principal, since no principal had then matured nor will mature until 1893, but should now be credited on the next interest which matured, since it was not then paid over to your petitioner; that the sum of \$22,773.51, which was credited on February 7, 1884, should have been applied to the payment of any balance of interest then due, and that in so applying it the fact should be borne in mind that these coupons have never been presented for payment, and that your petitioner has at all times been in funds and ready to pay the same, not having at any time defaulted upon the interest of any of her obligations, except on January 1, of the year 1879; that when this credit of \$22,773.51 has been applied, so far as necessary, to the extinguishment of all matured coupons, any balance of it, together with those payments on credits since withheld, should be paid over to your petitioner.

EARLE AND PUGH,
Attorneys for Louisiana.

STATE OF LOUISIANA, *City of New Orleans* :

Before me comes John McHenry, who is well known to me personally, and who, being duly sworn, deposes and says: That all and singular the matters and things stated, alleged, and set out in the annexed petition of the State of Louisiana to the honorable Secretary of the Treasury of the United States, upon deponent's own knowledge, are true; and that such as are stated upon information and belief, he verily believes to be true.

JOHN McENERY.

Sworn to and subscribed before me this 8th day of October, A. D. 1888, in my office in the city of New Orleans.

[SEAL.]

A. J. LEWIS,
Not. Pub.

UNITED STATES OF AMERICA,
State of Louisiana :

I, the undersigned, secretary of state of the State of Louisiana, do hereby certify that A. J. Lewis, whose name is subscribed to the annexed instrument of writing, was, at the date of signing the same, a notary public for the parish of Orleans, having been duly appointed, commissioned, qualified, and authorized to act in said capacity; that his signature to said instrument of writing is genuine and of his proper handwriting; that his attestation thereon is in due form and by the proper officer, and that full faith and credit are and ought to be given to all his official acts as such, and that under the laws of this State notaries public are authorized to administer oaths.

Given under my signature, authenticated with the impress of the seal of the State of Louisiana, in the city of Baton Rouge, this ninth day of October, A. D. 1888.

[SEAL.]

L. F. MASON,
Secretary of State.

OFFICE OF THE CHIEF EXECUTIVE OF THE STATE OF LOUISIANA.

To all whom it may concern :

Know ye that I, Francis T. Nicholls, governor of the State of Louisiana, do certify that all and singular the matters and things stated, alleged, and set out in the annexed petition to the honorable Secretary of the Treasury of the United States, filed on behalf of said State by John McHenry, the duly-authorized agent of the State of Louisiana, under the statute therein recited, are true to the best of my knowledge, information, and belief.

FRANCIS T. NICHOLLS,
Governor.

UNITED STATES OF AMERICA,
State of Louisiana :

I, the undersigned secretary of state of the State of Louisiana, do hereby certify that Francis T. Nicholls, whose name is subscribed to the annexed document, was, at the time of signing the same, governor of the State of Louisiana, having been duly elected, qualified, and authorized to act in said capacity; that his signature to the annexed instrument of writing is genuine and of his own and proper handwriting; that his attestation thereon is in due form and by the proper officer, and that full faith and confidence and credit are and ought to be given to all of his official acts as such.

Given under my signature, authenticated with the impress of the seal of the State of Louisiana, in the city of Baton Rouge, this 9th day of October, A. D. 1888.

[SEAL.]

L. F. MASON,
Secretary of State.

LETTER OF J. R. GARRISON, DEPUTY COMPTROLLER.

TREASURY DEPARTMENT,
FIRST COMPTROLLER'S OFFICE,
Washington, D. C., November 9, 1888.

SIR: The petition of the State of Louisiana to the Secretary of the Treasury, submitted by Messrs. Earle & Pugh, attorneys for the State, respecting the condition of the account of said State for interest on Indian trust-fund bonds, which you requested me to examine, has received my careful consideration.

I respectfully submit the following report as to the facts in the case.

Under the provisions of the act approved June 10, 1876, entitled "An act transferring the custody of certain Indian trust funds" (vol. 19, U. S. Stat. at L., p. 58), the Treasurer of the United States, as custodian for the Secretary of the Interior, trustee, holds bonds of the State of Louisiana as Indian trust funds, amounting to \$37,000, as follows:

- \$7,000 six per cent. coupon bonds, act November 1, 1854, maturing November 1, 1894; interest payable semi-annually, May 1 and November 1.
 10,000 six per cent. coupon bonds, act April 1, 1856, maturing April 1, 1896; interest payable semi-annually, April 1 and October 1.
 20,000 six per cent. coupon bonds, act May 1, 1857, maturing May 1, 1897; interest payable semi-annually, May 1 and November 1.

The bonds are each of the denomination of \$1,000, with coupons attached, as follows:

Seven bonds, 42 coupons, covering interest from November 1, 1873, to November 1, 1894.....	294
Ten bonds, 45 coupons, covering interest from October 1, 1873, to April 1, 1896.....	450
Twenty bonds, 47 coupons, covering interest from November 1, 1873, to May 1, 1897.....	940
Total coupons	1,684

It will thus be seen that interest runs on \$10,000 of the bonds from October 1, 1873, and on \$27,000 from November 1, 1873; the interest on the whole amount (\$37,000) being \$2,220 per annum, or \$1,110 for six months. Interest is not computed for fractional periods, or before the coupons fall due.

May 2, 1879, an account in favor of the State of Louisiana for the 5 per cent. fund accruing on the net proceeds of sales of public lands within said State was certified in this office for the sum of \$13,602.71.

The interest due and unpaid on the Louisiana State bonds aforementioned, up to May 1, 1879, amounted to \$12,210, viz, on \$10,000 from October 1, 1873, to April 1, 1879 (five years and six months), \$3,300, and on \$27,000 from November 1, 1873, to May 1, 1879, \$8,910.

Accordingly, in the Comptroller's certificate to the account above referred to (Report No. 29882), it was directed that of the balance of \$13,602.71 found due from the United States, the sum of \$12,210 should be deposited in the Treasury on account of interest due by the State of Louisiana on the Indian trust-fund bonds, as required by section 3481 of the Revised Statutes, and that the residue, \$1,392.71, should be applied in part payment of the principal of said bonds.

The certificate of deposit for said sum of \$13,602.71 was in due course of business transmitted to the Secretary of the Interior for indorsement, but was returned by that officer in letter of May 29, 1879, to the Secretary of the Treasury, with the statement that the sum of \$1,392.74, retained in part payment of principal, could not, under the act of March 25, 1870 (16 Stat., p. 77—sec. 3481, Revised Statutes), be covered into the Treasury, for the following reasons:

"The bonds of the State of Louisiana, held in trust by this Department for various Indian tribes, do not mature until 1894, 1896, and 1897, therefore said State is not in default in the payment of any part of the principal, and said amount can not be retained and applied in part payment of the principal under the act referred to."

On June 3, 1879, the aforementioned letter of the Secretary of the Interior was referred by the Secretary of the Treasury to the First Comptroller, requesting to be informed as to the proper disposition to be made of the certificate of deposit which had been returned by the Secretary of the Interior. (Copy of letter of the Secretary of the Interior, and the indorsement of the Secretary of the Treasury thereon, herewith, Exhibit A.)

July 14, 1879, the Acting Comptroller (the late Judge Tarbell) in a letter addressed to the Secretary of the Treasury, returning the letters of the Secretary of the Interior above referred to and the certificate of deposit for \$13,602.71, recommended "that the whole amount of said certificate be covered into the Treasury to reimburse the United States for money heretofore appropriated to pay the interest on the State stocks of Louisiana, held by the Treasurer of the United States, under act of June 10, 1876," and "that the Secretary of the Interior be informed" of the action taken in this case. (Copy of letter of Acting Comptroller herewith, Exhibit B.) The several appropriations made by Congress for the payment of interest on "Indian trust-fund stocks," from July 1, 1873, to June 30, 1888, may be found in the annual appropriations for the Indian Department for each fiscal year during said period. (17 Stat., 461; 18 Stat., 174, 448; 19 Stat., 198, 293; 20 Stat., 86, 315; 21 Stat., 132, 501; 22 Stat., 87, 450; 23 Stat., 96, 383; 24 Stat., 46, 466.)

In accordance with the recommendation contained in the aforementioned letter of the

Acting First Comptroller, of July 14, 1879, the total amount of the certificate of deposit aforementioned for \$13,602.71 (No. 20000, dated May 14, 1879), was covered into the Treasury by miscellaneous revenue covering warrant No. 587, third quarter, 1879, dated September 22, 1879, as a miscellaneous receipt, under the head of "re-imbursement to United States on account appropriations heretofore made to meet interest on non-paying Indian trust-fund stocks (Louisiana State bonds)."

It thus appears that notwithstanding the directions made in the Comptroller's certificate of May 2, 1879, before referred to (Report No. 29882), that \$12,210 should be covered in on account of interest due on bonds of the State of Louisiana held as Indian trust funds, and the residue, \$1,392.71, be applied in part payment of the principal, yet, in point of fact, no part whatever of the amount found due to the State of Louisiana was covered in as part payment of principal, but the whole amount (\$13,602.71) was covered in on account of interest by reason of the recommendation in the letter of the Acting Comptroller of July 14, 1879.

The error made in previous statements from this office in reporting that the aforementioned sum of \$1,392.71 had been covered into the Treasury as part payment of the principal of the Louisiana State bonds held as Indian trust funds, arose from the fact that in preparing such statements it was supposed that the direction made in the Comptroller's certificate of May 2, 1879, before referred to, had been carried out, the subsequent change in the matter occasioned by the letter of the Secretary of the Interior of May 29, 1879, having been overlooked.

It appears that no notification as to the action of the Treasury Department in covering into the Treasury the amount of the aforementioned certificate of deposit (No. 20000, dated May 14, 1879) for \$13,602.71 was received at the Department of the Interior, and in consequence thereof no entry had been made up to the 18th of October last in the books of that Department, crediting the said sum of \$13,602.71 to the State of Louisiana as a payment on account of the interest on the bonds of said State held as Indian trust funds.

In order that the proper entry may now be made on the books of the Department of the Interior, the necessary notification, with full explanations, was transmitted by letter of the First Comptroller to the Secretary of the Interior, dated October 18, 1888.

The total amount of interest due on coupons of the said Louisiana State bonds, up to May 1, 1879, being \$12,210, as already shown, and the total amount found due to the State, per report No. 29882, certified May 2, 1879, namely, \$13,602.71, having been covered into the Treasury on account of interest on said bonds, as before stated; the interest account to May 1, 1879, was thus overpaid in the sum of \$1,392.71.

The second setoff, on account of interest on the aforementioned bonds, was made by pay warrant No. 1069, June 8, 1882, for \$63.47, being an amount found due to the State on the 5 per cent. fund, which was covered into the Treasury on account of interest due on Indian trust-fund bonds, by revenue covering warrant No. 2074, issued June 12, 1882.

The third setoff, being also an amount found due to the State on the 5 per cent. fund, \$22,773.51, was made by pay warrant No. 418, February 7, 1884, and the amount was covered into the Treasury on account of interest on Indian trust-fund bonds, by miscellaneous revenue covering warrant No. 2333, dated June 30, 1884.

The aggregate amount retained and offset on account of interest up to February 7, 1884, is \$36,439.69, as follows:

In May, 1879, as before stated	\$13,602.71
In June, 1882, as before stated	63.47
In February, 1884, as before stated	22,773.51
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Total	36,439.69
The total interest due to November 1, 1883, on the whole amount of bonds amounts to	22,200.00

Amount retained in excess, up to February 7, 1884

14,239.69

It will be seen from the foregoing that in May, 1879, the amount retained and covered into the Treasury exceeded the interest then due by \$1,392.71, while in February, 1884, the excess retained and covered into the Treasury, over and above the total interest due to November 1, 1883, was \$14,239.69.

The fourth setoff was made in March, 1886, by pay warrant No. 3913, March 26, 1886, for \$302.31, and pay warrant No. 3914, of same date, for \$3,500.70, both amounts being found due to the State on account of swamp-land indemnity. The aggregate of said amounts, \$3,803.02, was covered into the Treasury on account of interest on Louisiana State bonds held as Indian trust funds, by miscellaneous revenue covering warrant No. 2180, dated March 31, 1886.

Up to March 31, 1886, the total amount retained and covered into the Treasury on

account of interest on the Indian trust-fund bonds of the State of Louisiana is \$40,242.71, as follows:

In May, 1879, as before stated	\$13,602.71
In June, 1882, as before stated	63.87
In February, 1884, as before stated	22,773.51
In March, 1886, as before stated	3,803.02
Total	40,242.71
The interest on coupons due up to November 1, 1885, is	26,640.00
Amount retained in excess to March, 1886	13,602.71

It will be observed that the amount retained and covered in, up to March 31, 1886, on account of interest on Louisiana State bonds, in excess of accrued interest on coupons to November 1, 1885, is precisely the amount of the first set-off made in May, 1879, namely, \$13,602.71. And this excess remains the same in amount at each subsequent set-off, made in September, 1886, in May, 1887, and in May, 1888.

As the first set-off was not credited to the State, on account of interest, on the books of the Department of the Interior, for the reasons before stated, it is probable that the amount (\$13,602.71) was left out in computing the interest due at the dates of the respective set-offs, made in March, 1886, in September, 1886, in May, 1887, and in May, 1888; thus producing, as stated, an excess in the amount retained on account of interest, at the time each of the set-offs referred to was made, of \$13,602.71.

The statement of the interest account, and the credits made thereon, up to May, 1887, as set forth in the petition submitted by Messrs. Earle and Pugh is correct, with the exception that the total excess of \$13,602.71 should have been stated as on account of interest, instead of \$1,392.72 on account of principal and \$12,210 on account of interest.

It has been fully hereinbefore shown that no portion whatever of the several amounts found due to the State of Louisiana, and retained and covered into the Treasury, has been covered in as part payment of the principal of the bonds of said State held as Indian trust funds.

The total amount retained and withheld from amounts found due to the State of Louisiana, and covered into the Treasury as a re-imbusement for interest on the bonds of said State held as Indian trust funds, up to the present time is \$45,792.71, as follows:

Five per cent. fund:	
Pay warrant No. 892, May 8, 1879	\$13,602.71
Pay warrant No. 1069, June 8, 1882	63.47
Pay warrant No. 418, February 7, 1884	22,773.51
Swamp land indemnity:	
Pay warrant No. 3913, March 26, 1886	302.32
Pay warrant No. 3914, March 26, 1886	3,500.70
Deposited with United States Treasurer, September 9, 1886	1,110.00
Pay warrant No. 2477, May 2, 1887	489.59
Pay warrant No. 2478, May 2, 1887	787.91
Pay warrant No. 2479, May 2, 1887	942.50
Five per cent. fund:	
Pay warrant No. 2538, May 19, 1888	2,220.00
Total amount, as above stated	45,792.71

Each of the foregoing amounts retained and withheld was covered into the Treasury to the credit of "Miscellaneous receipts," under the head of "Re-imbusement to United States on account of appropriations heretofore made to meet interest on non-paying Indian trust-fund stocks (Louisiana State bonds)," by the following miscellaneous revenue covering warrants:

No. 587, third quarter 1879, dated September 22, 1879	\$13,602.71
No. 2074, second quarter 1882, dated June 12, 1882	63.47
No. 2333, second quarter 1884, dated June 30, 1884	22,773.51
No. 2180, first quarter 1886, dated March 31, 1886	3,803.02
No. 1695, third quarter 1886, dated September 30, 1886	1,110.00
No. 2064, second quarter 1887, dated June 30, 1887	2,220.00
No. 2038, second quarter 1888, dated June 30, 1888	2,220.00
Total amount covered in as before stated	45,792.71

Deduct total amount of interest due on Indian trust-fund bonds, viz :

On \$10,000, from October 1, 1873, to April 1, 1888, 14 years and 6 months.	8,700.00
On \$27,000, from November 1, 1873 to May 1, 1888, 14 years and 6 months	23,490.00
Total amount of interest due to May 1, 1888.....	32,190.00
Amount covered in excess to June 30, 1888	13,602.71

As the amount of interest retained in excess has been duly paid out of the appropriations under which the several balances found due to the State accrued, and has been covered into the Treasury to the credit of "Miscellaneous receipts," it can not be refunded without specific authority from Congress. It is therefore suggested, as the most feasible method for properly adjusting the accounts of the State and reconciling the discrepancies which have arisen to include in the estimates to be submitted to Congress at its next session an item for an appropriation to refund to the State of Louisiana the sum of \$13,602.71 withheld and covered into the Treasury as interest on bonds of said State held as Indian trust funds, in excess of the amount of interest actually due, subject to a reduction of \$1,110, the accrued interest on coupons to November 1, 1888, should the same be not previously retained and applied in payment of said accrued interest, in the settlement of an account in favor of the State of Louisiana, which will probably be reported to this office for its action before the next session of Congress shall have convened.

It is proper to observe that the foregoing statement relates only to the interest as shown by the coupons attached to the Louisiana State bonds when they were turned over to the Treasurer of the United States, as custodian, under the act of June 10, 1876, the interest on \$10,000 of the bonds running from October 1, 1873, and on \$27,000 from November 1, 1873. The books of the Department of the Interior show that various payments of interest were made by the State prior to said dates (October 1, 1873, and November 1, 1873), the coupons having been detached and surrendered when such payments by the State were made.

As before shown the interest accrued and unpaid from October 1, 1873, and November 1, 1873, up to May 2, 1879, the date of the first set-off, amounted to 12,210. This interest was of course advanced and paid to the several Indian tribes by the United States from the annual appropriations provided by Congress for the payment of interest on "Indian trust-fund stocks," before referred to.

From May 2, 1879, up to the present time, the interest account has been largely overpaid.

The question arises as to whether, under the state of facts above set forth, the State of Louisiana would be chargeable with interest on the several amounts advanced by the United States in payment of interest on the Indian trust-fund bonds during the period from October 1, 1873, and November 1, 1873, to May 2, 1879, in which the interest was in arrears, or for any period prior to the aforementioned dates, during which there may have been a default in the payment of interest by the State.

Section 3481, Revised Statutes, provides that, "Whenever any State is in default in the payment of interest or principal on investments in stocks or bonds issued or guaranteed by such State and held by the United States in trust, the Secretary of the Treasury shall retain the whole, or so much thereof as may be necessary, of any moneys due on any account from the United States to such State, and apply the same to the payment of such principal and interest, or either, or to the re-imbusement, with interest thereon, of moneys advanced by the United States on account of interest due on such stocks or bonds."

Respectfully submitted.

J. R. GARRISON,
Deputy Comptroller.

Hon. M. J. DURHAM,
First Comptroller.

EXHIBIT A.

DEPARTMENT OF THE INTERIOR,
Washington, May 29, 1879.

SIR: I have the honor to acknowledge the receipt by reference from you of a certificate of deposit of the Assistant Treasurer of the United States at Washington, D. C., No. 20000, dated May 14, 1879, for \$13,602.71, deposited by the Treasurer of the United States to the credit of the State of Louisiana.

As it appears that the amount represented by the above certificate of deposit was retained by you from moneys due the State of Louisiana, the designation of the proper

appropriation to the credit of which the above certificate should be covered into the Treasury should probably be made by your Department.

If the amount retained by you on account of interest due on Louisiana State stocks held by the United States had been collected by this Department, it would be covered into the Treasury to re-imburse the United States for moneys heretofore appropriated by Congress to meet this interest.

The amount of \$1,392.71, retained by you in part payment of the principal of said stocks as specified in the certificate of deposit, can not be covered into the Treasury for the following reasons:

The act of Congress approved March 25, 1870 (16 Stat., p. 77), directs that, "Whenever any State is in default in the payment of interest or principal on investments in stocks or bonds issued or guaranteed by such State, and held by the United States in trust, the Secretary of the Treasury shall retain the whole or so much thereof as may be necessary, of any moneys due on any account from the United States to such State and apply the same to the payment of such principal and interest, or either, or to the re-imburement, with interest thereon, of moneys advanced by the United States on account of interest due on such stocks or bonds."

The bonds of the State of Louisiana, held in trust by this Department for various Indian tribes, do not mature until 1894, 1896, and 1897, therefore said State is not in default in the payment of any part of the principal, and said amount can not be retained and applied in part payment of the principal under the act referred to.

The certificate is returned herewith.

Very respectfully,

C. SCHURZ,
Secretary.

Hon. JOHN SHERMAN,
Secretary of the Treasury.

[Indorsements.]

TREASURY DEPARTMENT,
June 3, 1879.

Respectfully referred to the First Comptroller of the Treasury, who will please inform this office of the proper disposition to be made of the amount of the certificate herein.

Attention invited to within report of the Secretary of the Interior. These papers to be returned with his reply.

JOHN SHERMAN,
Secretary.

The COMPTROLLER.

EXHIBIT B.

TREASURY DEPARTMENT,
FIRST COMPTROLLER'S OFFICE,
Washington, D. C., July 14, 1879.

SIR: The enclosed letter from the Secretary of the Interior, together with the certificate of deposit for \$13,602.71 therein mentioned, is herewith returned to you in accordance with your reference of the same. I have the honor to suggest that the whole amount of said certificate be covered into the Treasury to re-imburse the United States for money heretofore appropriated to pay the interest on the State stocks of Louisiana held by the Treasurer of the United States, under act of June 10, 1876, and that the Secretary of the Interior be informed of your action.

Very respectfully, your obedient servant,

J. TARBELL,
Acting Comptroller.

Hon. JOHN SHERMAN,
Secretary of the Treasury.