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Virginia-West Virginia Debt Dispute

A BRIEF REVIEW OF A CELEBRATED STATE DEBT CONTROVERSY

By ARTHUR G. POTTER

It is not generally known that the majority of people of the state of Virginia wanted to abolish slavery long before it became the issue which resulted in the civil war and the subject was discussed repeatedly in the general assembly prior to 1861. The difficulty was that no way could be found to accomplish the desired result without destruction of property rights. Huge sums were invested in slaves and the very life of the industries of the state would be imperiled by the abolition of the institution. That slavery would have been abolished in time cannot be denied, as the house and senate came very near to an affirmative vote on several occasions.

Virginia felt that in the abolition of slavery by the federal government her rights were being encroached upon and after some hesitation she joined the other southern states in secession on April 17, 1861.

The people of the western counties were out of sympathy with this course and in August, 1861, in a convention held at Wheeling the "Restored State of Virginia" was established. This government was short lived but it formed, while it lasted, an agency of representation. Presently the idea of a new state gained strength and the name "State of Kanawha" was proposed, this being discarded, however, for the name "West Virginia."

On December 31, 1862, the 37th congress passed an act providing for admittance of the new state formed in pursuance of the ordinances passed by the Wheeling convention and on April 20, 1863, West Virginia was admitted to the union on proclamation of President Lincoln that certain conditions relating to the proposed state constitution with respect to the liberation of slaves had been observed.

The Wheeling convention fixed the conditions on which admission to the union of states was to be based and these conditions were written into the constitution of the new state when it was admitted to the union. The provision of the ordinance adopted at the Wheeling convention with which this historical sketch has to do is section 9, in part as follows:

The new state shall take upon itself a just proportion of the debt of the commonwealth of Virginia prior to the first day of January, 1861, to be ascertained by charging to it all the state expenditures within the limits thereof, and a just proportion of the ordinary expenses of the state government since any part of said debt was contracted, and deducting therefrom the moneys paid into the treasury of the commonwealth from the counties included within the new state during said period. * * *

This by usage has come to be known as the "Wheeling ordinance."

Subsequent to the civil war West Virginia was appealed to repeatedly by Virginia to liquidate the obligation voluntarily taken upon herself, but she ignored all advances until at the October, 1907, term of the United States supreme court a decree of reference was handed down ordering the cause to be referred to a special master, who was instructed to ascertain certain facts and report them to the court. Subsequent orders were issued and the form of the account to be taken was prescribed by the decree of May 4, 1908, which comprehended the account proposed by section 9 of the Wheeling ordinance and other pertinent facts.

The Wheeling ordinance seems at first reading to be a pretty well drawn instrument. It states or attempts to state a method by which a certain sum shall be ascertained, indicating three separate accounts which, when combined, will give a certain result, to wit:

Charge the new state—

1. With all state expenditures within the limit of the new state.
2. With a just proportion of the ordinary expenses of the state government.

Credit the new state—

3. With all the moneys (taxes, etc.) paid by the counties within the limit of the new state.

The result of an account so stated was expected to be a "just proportion" of the debt of Virginia at December 31, 1860, chargeable to the new state and to be assumed by her as her debt.

But many difficulties arose. "Since any part of the said debt was contracted" required that the debt itself should be stated and the exact date at which it started be ascertained. "All the state expenditures within the limits thereof" required the allocation of

all state expenditures to determine those expenditures in the counties of the new state. "A just proportion of the ordinary expenses" required two things, viz., the determination of what is a "just proportion" and what constitutes "ordinary expenses" of a state government. And finally, "the moneys paid into the treasury of the commonwealth from the counties" raises a number of fine distinctions.

The supreme court, sensing these difficulties, instructed the master to ascertain and report to the court the following:

1. The amount of the public debt of the commonwealth of Virginia on the first day of January, 1861, stating specifically how and in what form it was evidenced, by what authority of law and for what purposes it was created and the dates and nature of the bonds or other evidence of said indebtedness.

2. The extent and assessed valuation of the territory of Virginia and of West Virginia, June 20, 1863, and the population thereof, with and without slaves, separately.

3. All expenditures made by the commonwealth of Virginia within the territory now constituting the state of West Virginia since any part of the debt was contracted.

4. Such proportion of the ordinary expenses of the government of Virginia since any of said debt was contracted as was properly assignable to the counties which were created into the state of West Virginia, on the basis of the average total population of Virginia, with and without slaves, as shown by the census of the United States.

5. And also on the basis of the fair estimated valuation of the property, real and personal, by counties, of the state of Virginia.

6. All moneys paid into the treasury of the commonwealth from the counties included within the state of West Virginia during the period prior to the admission of the latter state into the union.

7. The amount and value of all money, property, stocks and credits which West Virginia received from the commonwealth of Virginia, not embraced in any of the preceding items and not including any property, stocks or credits which were obtained or acquired by the commonwealth after the date of the organization of the restored government of Virginia, together with the nature and description thereof.

The accountants for Virginia early in February, 1908, made a preliminary examination and proposed to the accountants for West

Virginia that the work should be done jointly as the information required by the court was all a matter of record and there could be no dispute as to the figures. This coöperation was refused by the attorneys representing West Virginia and the two forces of accountants proceeded to prepare identical sets of accounts.

At this point a slight digression will be made in general explanation of Virginia's debt. In 1816 the James river canal became more or less of a public enterprise, but it was not until 1823 that the state became a substantial factor in its development. Thereafter until the advent of steam railroads it seemed to be the central figure in the internal improvement plan of the state. It was proposed to make a great waterway from Chesapeake bay across the state to the Ohio river, tunneling the Alleghanies and raising the water to the upper levels by steam pumps. The streams on the western side of the mountains, the Greenbriar, the New and the Kanawha were to be harnessed and made the avenue of traffic for the products of the west which were then coming over the mountains in ox trains to the end of the old James river canal in the valley, and for the transportation of cotton, tobacco and manufactured goods westward.

This was a more ambitious enterprise, considering the finances of the state, than the construction of the Panama canal was for the United States. In addition to this vast enterprise a net-work of turnpikes was being constructed all over the state in which the state invested her money along with private individuals, the usual vehicle being an incorporated company, the state issuing her bonds or "state stock," as it was called, in exchange for the stock of the company. There were also waterways, improvements, banks and later railroads, most of them on the same plan as the turnpikes. The state undertook some construction projects on her own account, such as the Northwestern turnpike and the Covington & Ohio railroad, now known as the Chesapeake & Ohio.

Taking the seven requirements of the court's order of reference seriatim, a few comments will be made regarding each.

A glance at the statement of the debt at December 31, 1860, prepared by and finally agreed to by the accountants for the litigants in response to paragraph 1 of the decree of reference, shows 93 separate loans, \$2,272,404.50 at 5 per cent. and \$33,208,583.96 at 6 per cent., with accrued interest of \$1,053,067.63, making the total \$36,534,056.09. Exception was taken, however, by West Virginia to \$3,614,192.16, being state bonds held by the literary

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and sinking funds and the board of public works and all of the interest from July 1, 1860, to December 31, 1860.

These loans went by the name of the enterprise in the interest of which each was made, down to No. 88, March 22, 1850, and thereafter they were referred to by number. For instance—

No. 2—James River Co.	Feb. 24, 1823
12—Rappahannock Co.	Mar. 4, 1836
37—Lynchburg & Buffalo Springs Turnpike Co.	Mar. 14, 1839
56—Little Stone Gap Road	Mar. 7, 1848
81—Virginia & Tennessee R. R. Co.	Mar. 6, 1849

The records were very complete and in an excellent state of preservation. The bond registers and other books were made of the best linen paper, the binding for the most part the work of skilled craftsmen and the written record therein was done in India ink in most beautiful penmanship with quill pens down to the more recent of the volumes. Records so well kept, so accurate and so satisfying to the eye of the accountant have never been met with elsewhere by the writer.

The requirement under paragraph 2 of the decree of reference was not a difficult matter to ascertain, the information being found in published reports of the state. The only interesting feature of this requirement was that the population should be stated with and without slaves. The slaves as of June 20, 1863, were estimated at 492,492. A great many of them had by this time been liberated or run away.

Under the third requirement separate schedules were introduced covering the construction by the state of bridges, railroads, turnpikes and miscellaneous improvements and the subscription to the stock of various companies covering the same sort of improvements and in addition the subscription to the stock of certain banks. The accountants for Virginia found that over 5½ millions had been spent within the counties wholly embraced within the new state of West Virginia. The accountants for West Virginia conceded only 1¼ millions, a difference of over 4 millions. This difference consisted for a large part in all the subscriptions to the capital stock of the companies, West Virginia taking the position that this money was invested in stocks and that the old state of Virginia retained these stocks. One and one-third millions of the difference between the amounts claimed by the

plaintiff and admitted by the defendant consisted of railroad construction. The defendant claimed that Virginia kept the property. The balance of the disputed amount was due largely to the difference of opinion as to the cost of interstate improvements. That is to say, it was somewhat difficult to determine the exact cost of construction in West Virginia of a turnpike road starting in Virginia and terminating in West Virginia, and Virginia's accountants adopted the expedient of localizing the expenses where the road crossed the border of the two states, where the records were sufficiently in detail to permit it, to sections and dividing the total cost of these interstate sections on the basis of the mileage in each state. This method was not exactly accurate but it was thought it would bring as fair a division of the cost of the construction as it was possible to get.

In the case of the Covington & Ohio railroad, however, this plan was not followed because the construction of the section which crossed the line included a tunnel, the two approaches to which were over entirely different character of country. The approach on the eastern side of the mountain was gradual and the tunnel was through solid rock. The approach on the western side of the mountains was precipitous and part of the tunnel had to be driven through shale, requiring the construction of brick retaining walls. These facts were taken into consideration in determining the fair estimate of the cost of the section lying partly in Virginia and partly in West Virginia.

Under the fourth requirement of the decree of reference there was a wide difference of opinion between the accountants as to what constituted ordinary expenses of government. The joint exhibit prepared and presented showed that plaintiff's claim was \$37,794,211.81 for the ordinary expenses of government from March 18, 1823, to December 31, 1860. The defendant conceded \$18,207,684.29 and contested the difference of \$19,586,526.89. The largest item in this amount consisted of interest on the public debt, treasury notes, temporary loans and an old military debt of 1814, amounting in all to over 18 millions. The balance of the sum contested embraced expenses connected with tobacco receipts, constitutional conventions, slaves transported and executed, cost of new buildings and other improvements and calling out the militia, etc.

Virginia divided the ordinary expenses of government between the two states by decades, making the division on a basis of population, with and without slaves. The census was taken at ten-

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year periods from 1820 to 1860 and the expenses for these periods were divided between the two territories on the basis of the then population, with and without slaves. The defendant agreed to the calculations but objected both to the method adopted and to the division so obtained.

The calculation under paragraph 5 in the decree followed that in 4, the ordinary expenses being apportioned on the fair estimated valuation of the property, real and personal. The figures showing the comparison between the valuations of the two states are of sufficient interest to be shown, as follows:

The assessed valuation of real estate from the latest accessible rolls prior to the formation of the new state showed in round sums

Virginia	\$296,000,000.00
West Virginia	82,000,000.00
The assessed valuation of slaves was	
Virginia	\$251,000,000.00
West Virginia	6,000,000.00
The assessed valuation of other personal property was	
Virginia	\$153,000,000.00
West Virginia	25,000,000.00

The one item that is of special interest to us at this time is the following because it shows that prior to the civil war Virginia had an income tax. The total amount of income on which tax was levied was

Virginia	\$11,000,000.00
West Virginia	299,000.00

This gave a total of 710 million for Virginia and 113 million for West Virginia. The division of the ordinary expenses based on these figures was a mere matter of arithmetic and need not be shown. The schedules prepared were quite voluminous and several alternate methods of distribution were presented with schedules prepared from census returns showing slaves and other personal property in all the counties separately for both states.

Under the 6th requirement a dispute arose as to what moneys were meant in the Wheeling ordinance. The defendant claimed 7 million plus and the plaintiff admitted just short of 6 million, there being slightly over a million difference. By far the largest and most important item in this sum was over 800 thousand of dividends received by the state of Virginia from banks in West Virginia counties in which it owned stock and also quite a large sum

received from the excess tolls from the Northwestern turnpike and other state roads.

Under the 7th requirement the plaintiff presented a schedule showing that the only moneys which West Virginia received from the commonwealth of Virginia were funds which, upon the formation of the restored state were transferred from the credit of the treasury of the commonwealth of Virginia in West Virginia banks to the treasury of the restored state as the predecessor to the new state of West Virginia. If the restored state or the state of West Virginia received any other property or credits, the records, which were quite fragmentary, were silent.

In his report to the supreme court of March 17, 1910, the special master, the late Hon. Chas. E. Littlefield, reported

1. That the public debt of the commonwealth of

Virginia was	\$33,897,073.82
Principal	\$32,919,863.93
Interest	977,209.89

2. That the extent and assessed valuation of the territory was as agreed to by the litigants.
3. That there was expended within the counties now forming West Virginia the sum of \$2,811,559.89, which includes the Covington & Ohio railroad and certain other disputed items. The master excluded all money invested in the stock of incorporated companies engaged in internal improvement enterprises.
4. That the ordinary expenses of government amounted to \$40,274,896.70, which included the interest on the public debt and most of the other contested items. The excess is largely accounted for by an additional allowance by the master of over two millions for primary schools taken up by the plaintiff in 3.

The master adopted the plaintiff's method of apportionment and divided the above ordinary expenses on the two bases required by the decree of reference, viz.:

Population with slaves	Virginia	81.3718%
	West Virginia	18.6282%
Population without slaves:	Virginia	73.3369%
	West Virginia	26.6631%

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5. That the fair estimated value of property with and without slaves was agreed to and alternative figures were presented. The supreme court adopted the value without slaves (as more fully covered later). On this basis the ordinary expenses were apportioned $76\frac{1}{2}$ per cent. to Virginia and $23\frac{1}{2}$ per cent. to West Virginia.
6. That the money paid into the treasury of Virginia from West Virginia counties amounted to \$6,105,884.75. The plaintiff's contention that dividends from bank stock could not be construed as received from these counties was upheld.
7. That the state of West Virginia received nothing from Virginia. Plaintiff's contention that money taken over by the "restored state of Virginia" was in effect a payment to West Virginia was denied.

On these findings by the master the supreme court handed down a decision March 6, 1911, by Justice Holmes, in which it said—

"We are of opinion that the nearest approach to justice that we can make is to adopt a ratio determined by the master's estimated valuation of real and personal property in the two states on the date of separation, June 20, 1863."

The court therefore apportioned the whole debt shown in paragraph 1, after making an adjustment on account of Virginia's scaling operations after the war, on the basis reported in paragraph 5, viz., 76.5 per cent. for Virginia and 23.5 per cent. for West Virginia, making the amount of principal of the debt of Virginia owed by West Virginia \$7,182,507.46. The court did not rule on many points strenuously argued before the master such as the inclusion of interest on the public debt in ordinary expenses of government. The master's voluminous report (212 pages) was apparently used as a guide, but only two factors reported entered into the final calculation, viz.:

1. The total debt.
2. The valuation of property.

And the court said "as this is no ordinary commercial suit but a quasi-international difference referred to this court in reliance upon the honor and constitutional obligations of the states concerned rather than the ordinary remedies * * *" it would make no determination of the matter of interest on West Vir-

ginia's debt from June 20, 1863, down to the date of the decision but would await the effect of conferences between the parties.

The parties could not agree, however, and the supreme court rendered another decision June 8, 1914, by Chief Justice White, by which West Virginia was permitted to file a supplemental answer in which certain counter claims were set up, referring the matter again to the same special master.

On January 21, 1915, the special master made his report in which he found that West Virginia was entitled to set-offs amounting to \$2,868,839.49. West Virginia had urged in the original suit that under paragraph III of the decree of reference she should not be charged with the cost of roads and other improvements built by companies the capital stock of which the state had purchased. She was now able to prove that at January 1, 1861, Virginia had, and that she retained after the war, stocks and other evidences of value which were a natural offset to the bonded indebtedness of the state at that date.

Acting on this report the supreme court on June 14, 1915, by Justice Hughes, handed down an opinion allowing West Virginia a credit of \$2,966,885.18 against the original award of \$7,182,507.46, making her principal debt to Virginia \$4,215,622.28; and the court further decreed that West Virginia should pay interest as follows:

From January 1, 1861, to July 1, 1891, at 4% . . \$5,143,059.18

From July 1, 1891, to July 1, 1915, at 3% 3,035,248.04

\$8,178,307.22

and that interest at 5 per cent. should apply to the whole amount awarded, \$12,393,929.50, from July 1, 1915, until paid.

It was not until March 31, 1919, that West Virginia made provision for the assumption of her obligation, when by an act approved by the governor April 1, 1919, the principal debt of \$12,393,929.50 was recognized, carrying interest from July 1, 1915, to January 1, 1919, amounting to \$2,168,937.66.

Under this act West Virginia paid the Virginia debt commission \$1,078,662.55 in cash, provision being made for the payment of the balance in 3½ per cent. 20-year gold bonds exempt from all taxes in West Virginia.

Now arose a difficulty which Virginia's representatives had not anticipated and in order to explain it we must go back to certain

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acts of Virginia during her long struggle to settle with her creditors on an honorable basis. The state was well nigh if not quite bankrupt after the war, yet in 1866 and 1867 she funded her outstanding debt and unpaid interest, running her debt beyond 45 millions. In 1871 a calculation of West Virginia's share of the debt was made and she made an attempt to refund her debt by calling in all bonds and exchanging therefor two instruments, one of which for two-thirds of the principal and accumulated and unpaid interest bore interest at a reduced percentage. The other for one-third of the principal and interest was a promise to pay the holder only on condition that West Virginia pay Virginia and in accepting this one-third certificate the holder agreed to take a pro-rata share of whatever was paid by West Virginia be it little or much. These were called variously one-third certificates, Virginia deferred certificates or West Virginia certificates.

Under this act of 1871 the major portion of the debt was refunded, but other legislation followed in 1879, 1882 and 1892, under which one-third certificates were issued.

A bondholders' committee was formed, and Brown Bros. & Co. were designated as depositaries with authority to issue their certificates in exchange for the outstanding one-third certificates.

When West Virginia finally acted upon her liability and passed the act providing for settlement she inserted in her act this proviso:

That no part of said bonds shall be delivered until the commonwealth of Virginia shall make and file with the board of public works of the state of West Virginia a full and complete itemized statement or list of the Virginia deferred certificates which have been deposited with the commonwealth of Virginia or subject to her control upon the passage of this act. In order that the state of West Virginia may have the benefit of the distributive share in the proceeds of the judgment aforesaid of such Virginia deferred certificates as may have been lost or destroyed, the residue to wit, bonds to the aggregate amount of \$1,133,500.00 face value, hereinafter referred to as "reserve bonds," shall be delivered to the board of public works of the state of West Virginia and shall be held by it in escrow upon the following conditions and trusts: * * *

In short, West Virginia was not willing to abide by the decision of the supreme court and inserted this provision so that the

deposited one-third certificates were made the measure of her settlement, claiming that she was entitled to the pro-rata value of all such as were lost or destroyed. This was a hard proposition for Virginia to accept but her representatives were finally persuaded that an immediate settlement was worth the sacrifice.

One of the conditions of the settlement imposed by West Virginia was that the distribution calculations be submitted to her with a complete list of deposited and undeposited "Virginia deferred certificates."

The method of making the distribution of the cash received and the bonds to be received from West Virginia had now to be determined, and Virginia brought a friendly suit against the bondholders' depositaries and all other holders of Virginia deferred certificates and holders of Brown Brothers & Co's receipts to have this method fixed. This suit was brought in the circuit court of the city of Richmond and a decree was entered on November 11, 1919, referring the matter to a special commissioner, Hon. Robert E. Scott.

Virginia asserted her right to participate in the supreme court's award in her own right by reason of four circumstances, viz.:

I. That she had paid in full certain of her own bonds antedating January 1, 1861, and had not issued one-third certificates in respect to these.

II. That she had reimbursed certain schools and colleges for the face value of old Virginia unfunded bonds held by them.

III. That she had settled with certain of her creditors by accepting old Virginia unfunded bonds at their face value.

IV. That she had paid and allowed in various settlements large sums of interest on the undivided and unfunded debt.

The deferred certificates issued under each funding act had a different value by reason of the fact that a longer interest period was covered in the later issues by interest scrip. The interest scrip was non-interest-bearing.

The commissioner, therefore, had the following problems to solve:

1. To how much was Virginia entitled?
2. What was the relative value of the deferred certificates of 1871, 1879, 1882 and 1892?
3. What was the value of the interest scrip?

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4. What was the amount of West Virginia bonds that state was entitled under the agreement to hold in escrow?

5. What compensation was just and adequate for those whose years of labor had made the settlement possible?

6. How could the account be stated so that it would be simple and understandable and so that the available cash and bonds would be completely absorbed in the settlement?

The whole fund subject to distribution as of July 1, 1920, was—

West Virginia 3½% gold bonds	\$13,500,000.00
Cash payment by West Virginia	1,078,662.55
" accumulated interest	481,722.14
	\$15,060,384.69
Interest coupons on W. Va. bonds held in escrow in excess of the requirements as hereinafter determined	275,922.50
	\$15,336,307.19

and this is the sum with which the commissioner had to deal.

It was not possible to determine the exact amount of the expenses in advance, so in order to establish a method the writer estimated the expenses and using the balance as a basis, submitted to the commissioner a plan which was accepted by both parties.

Following this plan the commissioner later reported, after the expenses and fees were fixed, that he had \$14,192,290.59 net for distribution. This, applied to the claims of the parties entitled to participate in it, would entitle each to \$1.145100155 for each \$1.00 of the supreme court's award, \$12,393,929.50. But all claims could not be paid in the same currency and West Virginia had withheld part of the fund.

As the supreme court's award was insufficient to pay all claims at their face values it was first necessary to divide the interest award into two parts, that applying to principal and that applying to interest, as follows:

Court's award for principal	\$ 4,215,622.28	
Interest-bearing certificates	14,716,263.82	= .286460092
.286460092 × 66⅔ (reduction in interest) =		.1909733946

This reduction in interest is from 6 per cent., the rate of the original bonds, to 4 per cent., awarded by the court for the period in which the bulk of the interest scrip was issued. As there was outstanding interest scrip amounting to \$1,417,327.76, this was

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worth 19+ cents, or \$270,671.89. This deducted from the court's award of \$12,393,929.50 left \$12,123,257.61 applicable to the interest-bearing certificates issued under the four acts.

But because of the varying lengths of the interest period for each of these four groups of certificates, the court's principal award was first prorated as follows:

1871.....	\$13,007,957.74 = 88.3917136%
1879.....	495,565.55 = 3.3674686%
1882.....	925,218.54 = 6.2870479%
1892.....	287,521.99 = 1.9537700%
	\$14,716,263.82 = 100%

The above percentages of the court's principal award added to the balance of interest after the valuation of the interest scrip gave a base value to each issue of—

1871.....	83.7437515 cents
1879.....	80.9490531 "
1882.....	70.0848988 "
1892.....	62.7123373 "

Having thus established a base value it became necessary to adjust the account with respect to the excessive escrow bonds held by West Virginia. There were undeposited certificates of only \$1,108,687.08 and these were not entitled to face value, so using the above rates raised to 114½ per cent. we find that instead of retaining \$1,133,500.00 of her bonds she should retain only \$906,439.03. But inasmuch as the escrow bonds had three coupons attached this \$906,439.03 should be divided by 1.05¼, giving as the actual face amount she was entitled to retain \$861,224.63 and a call was made on her to surrender \$272,275.37.

The bonds therefore in the commissioner's hands and at his disposal now become	\$12,638,775.37
With the coupons on the excess escrow bonds and the cash in hand, the commissioner had cash amounting to	1,791,092.90
A total of	\$14,229,868.27
From this he paid expenses and fees	1,144,016.60

Leaving a fund consisting of cash and West Virginia bonds of . \$13,285,851.67 which was available for distribution to the bondholders who had deposited their certificates with Brown Bros. & Co. and to Virginia in settlement of her claim, which he allowed, as follows:

West Virginia bonds	\$12,638,775.36 = 95.129584%
Cash	647,076.30 = 4.870416%

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(1) The deposited certificates will participate as follows in West Virginia bonds and cash:

	Base value × \$1.145100155		4.870416% Cash	95.129584% West Va. bonds
1871.....	\$11,787,036.57 @ .958949824 =	\$11,303,176.75	\$550,511.73	\$10,752,665.02
1879.....	462,786.95 @ .926947728 =	428,979.31	20,893.08	408,086.23
1882.....	826,857.87 @ .802542281 =	665,588.40	32,319.51	631,268.89
1892.....	277,175.70 @ .718119068 =	199,045.15	9,694.33	189,350.82
Scrip....	1,006,985.54 @ .218683662 =	220,211.29	10,725.22	209,486.07
	\$14,360,842.63	\$12,815,000.90	\$624,143.87	\$12,190,857.03

(2) Virginia's claim of \$664,061.87 will participate in the same manner, the principal, \$439,884.07, taking the rate of the 1871 certificates and the interest, \$224,177.80, taking the rate of the scrip:

Principal	\$439,884.07 @ 95.8949824% =	\$421,826.75
Interest	224,177.80 @ 21.8683662% =	49,024.02
	\$664,061.87	\$470,850.77

payable as follows:

	Cash 4.870416%	W. Va. bonds 95.129584%
	\$22,932.43	\$447,918.34
Principal	\$421,826.75 }	\$447,918.34
Interest	49,024.02 }	\$22,932.43

SUMMARY

Deposited certificates receive cash	\$ 624,143.87	
Virginia receives cash	22,932.43	\$ 647,076.30
	\$12,190,857.03	
Deposited certificates receive W. Va. bonds ..	447,918.34	12,638,775.37
Virginia receives W. Va. bonds		
Total funds and bonds to be distributed as above		\$13,285,851.67

For the purposes of the distribution, the cash, \$632,781.84, remaining to be distributed after all costs and expenses are provided, is divided between Virginia and Brown Brothers in the proportion that the total cash due Virginia and due Brown Brothers bears to the total cash now in hand and to be received on account of the three coupons receivable attached to the excess escrow bonds.

Virginia is entitled to	\$ 22,932.43
Brown Brothers are entitled to	624,143.87

\$647,076.30

We have now available only

632,781.84

Balance

\$ 14,294.46 = 2.209084%

The cash not in hand will be divided in the same proportion when received:

Virginia	2.209084% of \$ 22,932.43 = \$ 506.59
Brown Bros.	2.209084% of 624,143.87 = 13,787.87

Cash payable to Virginia	\$ 22,932.43
Less amount represented by coupons not yet collected	506.59

Balance payable to Virginia	\$ 22,425.84
Cash payable to Brown Bros.	\$624,143.87
Less amount represented by coupons not yet collected	13,787.87

Balance payable to Brown Bros. & Co. \$610,356.00

Total \$632,781.84

In submitting the plan on which this distribution was made the writer pointed out to all concerned that it was neither mathematically perfect nor beyond criticism from an accounting standpoint, but that it took into consideration the chief elements involved and that these treated in a broad way produced a result that was believed to be equitable and would not differ materially from a result worked out with every shade of value reflected.

The supreme court in its award adopted an average method in some of its findings, being aware of the intricacies to which any other method would lead and this served as justification, to some extent at least, for the comparatively simple method recommended.