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MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

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Proceedings of the Madras Government, Financial Department, from 17th to 23rd September 1859.

No. 19. Read the following letter from C. HUGH LUSHINGTON, Esq., Secretary to the Government of India; to the Chief Secretary to Government of Fort Saint George, dated Fort William, 9th September 1859, No. 7678.

With reference to your Telegram received on the 26th ultimo, I am directed to forward to you copies of the Minutes by Messrs. Phillips and Pelly as therein requested.

Commission under Act XXXVII of 1850, for enquiring into a charge of misconduct preferred against Guy Lushington Prendergast, Accountant General of Madras.

MINUTE OF MR. PELLY, Commissioner, dated 15th August 1859.

1. Mr. Guy Lushington Prendergast, Accountant General of Madras, is charged before us with having purchased Government Promissory Notes of the Tanjore debt for large amounts, and at heavy rates of discount, at a time when he was well aware from official information, communicated to him by the Government in the Secret Department that orders had been received for the discharge of the Tanjore debt at par, the object of Mr. Prendergast in making such purchase, being to secure for himself the profit arising from the enhanced value which the Notes would eventually bear when the intention of Government to discharge the debt was publicly known. Such proceeding on Mr. Prendergast's part, being in contravention of public policy, a breach of official confidence, and of his duty as Accountant General, and as unbecoming his position as such Accountant General, and his character as a servant of the Government.

2. To the charge Mr. Prendergast pleaded "not guilty" though as will be noticed presently in his defence he made a full admission.

3. It has been clearly shewn and admitted that Mr. Prendergast did receive on the 10th November 1858, official information in the Secret Department from Government that it was the intention of Government to pay off the Tanjore debt and that he drew up a notification to be issued for the discharge of the debt, and forwarded it to Government on the 11th November, and that the notification was forwarded by the Madras Government on the 16th to the Supreme Government, and that such notification was published subsequently in the Madras Gazette of the 31st December 1858.

4. It has been proved, partly by evidence of witnesses examined, and partly by admissions, that after the 10th November, and before the end of the following month, Mr. Prendergast did purchase Tanjore Bonds to a considerable extent; *viz.* on the 12th November he agreed with Soucar Luckmeedut Davay for the purchase of eight Tanjore Notes for 30,000 Rupees at 20 per cent discount and concluded the transaction on the 15th November.

On the 21st November he bargained (as admitted) with the same Soucar for between 9,000 and 10,000 Rupees, Tanjore stock at 16 per cent discount and received on the 22nd nine Notes for (including interest) 9,875 Rupees odd.

On the 22nd November (as admitted) he bargained with and purchased from Soucar Girder Doss Virjee Loll Doss eight Notes for 20,000 Rupees of Tanjore Stock at 16 per cent discount.

On the 22nd December (as admitted) he bargained with Soucar Girder Doss Virjee Loll Doss for the purchase of about one Lakh of Tanjore Notes and on the 24th he received from that Soucar 24 Notes for Rupees 92,652 odd, at 12 per cent discount, and paid for the same 15 Notes for 89,086 Rupees odd of the Book debt Loan, then at 14 per cent discount. The Christmas holidays intervening the calculation of interest and final settlement was made till the 4th January.

5. These four transactions clearly shew that the purchase of Tanjore Stock at a heavy discount was made by Mr. Prendergast after he was in possession of the official information of the intention of Government to pay off the debt at par.

6. It is further shewn (as admitted) that Mr. Prendergast on the 18th January last, after the notification for the payment of the Tanjore debt had been published in the Gazette (on the 31st December) sold to Girder Doss Virjee Loll Doss Sowcar, 53 Tanjore Notes for Rupees 1,66,286, odd, at 5 per cent discount and received in exchange 38 Notes of the 5 per cent Loan at 7 per cent discount.

7. It is thus clearly shewn, that previous to the publication of the Government notification on the 31st December, but subsequent to the time that the secret intelligence was communicated to Government to him on the 10th November, Mr. Prendergast, in his official capacity as Accountant General, did make large purchases of Tanjore Stock at heavy discount, varying from 20 per cent to 12 per cent, and that after the public are informed of the intention of Government he sold the Tanjore Stock at 5 per cent discount thus securing for himself the profit arising from the enhanced value.

8. It is shewn by the evidence of Sir Charles Trevelyan, and the Honorable Mr. Walter Elliot, that Mr. Prendergast had on the 6th and 7th of last month, (July,) fully admitted to them, separately, having, purchased Tanjore Bonds as alleged. In his interview after a public breakfast at Government House on the 6th July with the Governor, it is shewn that he never alluded to any other information he had respecting the discharge of the Tanjore Loan, than the official communication sent to him on 10th November, that the only excuse he then made of his conduct was, that he could not believe the Government of India would discharge the Loan as it was so obviously disadvantageous to do so, and that he had private losses, and thought he might take that opportunity of retrieving them. Explanations not easily reconcileable with each other. He admitted he had acted wrong, that he had not at the time been aware that he had done any thing wrong, but that he now saw it in a different light. Sir Charles informed him that he considered he had acted quite right in making a plain honest statement of what had taken place, and assured him that the Government would treat the case with all the indulgence in their power. To the same purport was his conversation with Mr. W. Elliot, on the following day. Mr. Prendergast then stated to Mr. Elliot that he could not account for having placed himself in such a situation after a long period of unblemished service, Mr. Elliot recommended him to make a full statement of the circumstances, and pleading his previous character to throw himself on the consideration of Government, and Mr. Prendergast suggested the tendering of his resignation; but no justification of his conduct at that interview was attempted, further than that he could not account for having placed himself in such a position, and that he only accounts for it by having acted under a temporary aberration of mind.

9. Happy, I cannot but consider, it would have been for Mr. Prendergast, had he abided by his first impressions, and in reply to the Government Official requisition of the 4th July, adhered to the plain honest statement of the circumstances he had before made, and thrown himself on the consideration of Government.

10. But scarcely had he left Mr. Elliot on the 7th, than he discovered, as he imagined, a clue to all his irregular proceedings. He is informed by a subordinate in his Office, Mr. Murray, on that evening that Mr. Richardson had given him, (Mr. Prendergast,) information respecting the payment of the Tanjore Bonds, and that it was on this intelligence, and not on the Government order that he had proceeded to purchase Tanjore Bonds.

11. Upon this discovery he seems to have decided on taking another course *viz.*, that of justifying his proceedings for in his letter to the Chief Secretary, dated 9th July, (explained indeed as a hurried note), in which he acknowledges a resolution of Government of that date, refusing his application for leave to proceed to Calcutta, until he had given a distinct answer to the question that had been asked him about the purchase of the Tanjore Bonds, he proceeds to give the distinct answer. It is this "I did *not* act in the matter of the purchase of the Tanjore Bonds on "the Official information I had before me, I should have scorned to do so unworthy an action. "I acted on intelligence *altogether independent* of that Official information. I have never done "any thing that could be regarded as unbecoming my duty to Government on any occasion, and "never will"— this letter and the note to Mr. Elliot, on the 7th being so much at variance with the explanation or rather admission made to the Governor on the 6th of July and to Mr. Elliot on the 7th, left the Government scarcely any option but to direct a public enquiry which led to the investigation under the Commission, and in the mean time the Government refused to receive any explanation from Mr. Prendergast, as in due course, (as intimated to him by Mr. Pycroft on the 18th July), full opportunity "would be afforded him of giving the most ample ex"planation he could desire in the matter."

12. In his defence before the Commission, Mr. Prendergast admits the charge preferred against him of, to use his own words, "having purchased Tanjore paper to a large amount well "knowing from official information in the Secret Department that orders had been received from "England for the discharge of such paper at par 15 months' after notice to the public; and as "I have at once admitted that I did in fact receive such secret information on the 10th of No"vember last, and that on the 12th of November and thence forward I purchased with such in"formation before me the charge it is obvious, is proved."

13. And there cannot, I presume, be any question but that the charge is clearly and fully proved against Mr. Prendergast.

14. But unfortunately our duty does not rest in merely finding the fact affirmatively; but as appealed to in the defence, it is imperative on us to consider the explanation given by Mr. Prendergast of his conduct. He calls on us to "take into consideration all the surrounding "circumstances and to say whether they do not form to a certain extent, a moral exculpation, "however officially indefensible it may have been for Mr. Prendergast to purchase after due "official information had been communicated to him." He sees now that whatever prior private information he might have had, he should have immediately stopped any purchases the moment he received the Government notification. He admits an error of judgment and in respect to that throws himself on the merciful consideration of the Government he has so long and faithfully served.

15. But that he did receive private information before the receipt of the Official information he submits, is placed beyond doubt, and that this fact should be so found, he rightly urges, is all imporant to him and to his character, as the serious charge has been by implication raised of endeavouring to meet the accusation against him by a false defence.

16. It is, I must remark, cause for much regret that Mr. Prendergast should, by the course he has pursued have found it necessary to have recourse to this explanation at all, and it would, I think, have been far better, since it became necessary at all, had Mr Prendergast admitted it at the commencement of the Proceedings. There was no reason why he should not have then taken the earliest opportunity of offering that full explanation which he was precluded from offering to Government, direct after his letter of 9th July to the Chief Secretary.

He is desirous of establishing before the Commissioners as a fact, that "he received prior in"formation, that he had determined to act and did act on it."

17. In support of this defence of his conduct he first draws our attention to the open and undisguised manner in which he conducted these Bond transactions, and argues from this circumstance that such conduct was not that of a man conscious of dealing improperly on information on which he had no right to act. But still the question arises, if he entertained these feelings at the time of the transactions, if he felt he could act openly because and only because he was acting on private information, how could he forget so important a circumstance when called to explain the imputations against him. Prolonged mental bewilderment, and distraction can alone account for this extreme forgetfulness on such an important point. That such was Mr. Prendergast's state of mind on the 6th and 7th July, at least on the latter date, seems probable. But it must be felt as strange and almost unaccountable, that the fact of his having acted not on public but on private information in the matter, should not have been remembered by him from between the 4th when he received the letter of Government transmitting the imputations against him, untill the evening of the 7th, when he was reminded by Mr. Murray of it.

18. In support however of the assertion that he had in reality received prior private information of the Tanjore Debts, he refers to the evidence of Latchemut Davay and Mr. Teixeira witnesses for the Prosecution, and to the evidence of witnesses called for the defence. The evidence of Latchemut Davay went to show that he had heard a week or so previous to the 12th of November that Mr. Prendergast wanted Tanjore Paper for Book Debt Loan. Teixeira's evidence on this point shows that Mr. Prendergast told him at the end of October to enquire about Tanjore Paper in exchange for other stock, and that he conferred at the Accountant General's Office with Girgy Doss Virjee Loll Doss on the subject, at the end of October, but his terms were not agreed to by Mr. Prendergast, and that 4 or 5 days after Girder Doss came to the Office and

offered to sell Tanjore stock for 17 or 18 discount, but Mr. Prendergast, did not agree to the rates. Teixeira also mentioned to Latchemut Davey about 10 days before the 12th of November, (the day Latchemut Davey sold the 30,000 Rupees stock,) that Mr. Prendergast wanted to exchange his Book Debt for Tanjore Stock. The dates of these communications are from memory, and cannot be safely relied on, but they may be accepted as nearly correct from the circumstance of the transaction with Latchemut Davey on the 12th November forming a guide to the memory of the witnesses— Mr. George Richardson called for the defence deposes that he received information from England at the end of October that the Tanjore Debt would be paid off and that he communicated the same to Mr. Prendergast and acted on this information himself. His evidence as given is very unsatisfactory, and there is a want of Memoranda or any particular fact to fix the date of this alleged communication to Mr. Prendergast and no reason is shewn for his making such a communication to the Accountant General. He says he merely made the communication, he did not mention it as a secret or name his informant, and yet on this information we are called on to believe that Mr. Prendergast had determined to act, and did act, in his negotiations for the purchase of Tanjore Bonds independent of the Official notice sent him. Alike unsatisfactory as to fixing the dates is the evidence of Soondejee Salut, and Girder Doss. This witness indeed quite contradicts George Richardson's evidence as the time he entered into an arrangement with Richardson for the final purchase of Tanjore Bonds, Richardson said it was on the 27th October, Girder Doss said, it was on 18th or 19th of November. The evidence of Verjee Loll Doss on this point is also equally useless.

Mr. Murray, (of the Accountant General's Office,) in his evidence shows that Mr. Prendergast was cautioned by him against the purchase of Bonds about the 16th of November in consequence of the Government Notification being in the Office, and that then Mr. Prendergast said he was acting on information from Mr. Richardson.

19. Very unsatisfactory as the evidence of the defence is to my mind in establishing the time at which Mr. Prendergast received information from Richardson, and better as the case would, I think, have been for Mr. Prendergast without this evidence, I am yet of opinion that some information of the kind alluded to must have been communicated by Mr. Richardson to Mr. Prendergast, otherwise, we are almost forced to the conclusion that Mr. Prendergast, Mr. Murray, and Mr. Richardson have entered into a conspiracy to make out a wilfully false defence, which is quite unnecessary to Mr. Prendergast's case, and which had it been necessary, I could not for a moment believe they would do; but that Mr. Prendergast really depended on it, so as to act upon that information I cannot bring myself to believe. But I believe that Mr. Prendergast in the bewildered state of mind in which he was about the 7th July last, too readily laid hold of this fact of Richardson's information, when it was brought to his recollection, to build upon it a plea of justification of his conduct; I am of opinion that he may have had this prior private information, but I am not of opinion that he acted upon it, but rather that all his purchases of Tanjore Stock in November and December were made solely in consequence of the Official information communicated to him as Accountant General in the secret Department on the 10th November.

20. Painful indeed it is to be compelled to come to this conclusion. The charge against Mr. Prendergast having been admitted and proved, I could have indeed wished that this appeal had not been so earnestly made to the Commissioners, to pass an opinion on the explanation he has offered of his conduct, and "taking into consideration all" the surrounding circumstances to say "whether they do not form to a certain extent a moral exculpation."

21. I would however submit for the lenient consideration of Government, that weak and unsatisfactory as the explanation is, it was an after thought and the act of a distracted man catching at a shadow, no attempt at justification on the score of the private information was attempted in the first instance, but an open candid honest confession was tendered, and would no doubt have been accepted; and the case would have been as leniently dealt with as possible, in an unhappy moment a plea of justification presents itself, which is again presently abandoned, and a full admission of all, as at the commencement is again made, and Mr. Prendergast throws himself on the merceful consideration of Government, and pleads an unblemished Official reputation of 32 years of service. It will remain with the Government of India to take all the circumstances

into consideration, and to determine how far this sad case can, after the public enquiry, be treated with that leniency which it was intended should be shown towards Mr. Prendergast in the first instance before he adopted the ill advised course which compelled the Government to proceed to a public investigation under the Act, and which has imposed upon us the very painful duty we have now discharged. It remains for us now to submit our proceedings to the Governor in Council, and in doing so I think we may ask the Government to direct their minds rather to the full admissions and confession made by Mr. Prendergast, immediately, to the Governor, and now, before the Commissioners, rather than to the intermediate ill advised attempt to explain his conduct; not, be it observed, as to the transaction with which he is charged, but with respect to a point, which whether true or not, could not affect the case sent to us for enquiry.

(Signed) C. PELLY.

(True Copy)

(Signed) C. HUGH LUSHINGTON,
Secretary to the Government of India.

MINUTE by Mr. H. D. PHILLIPS, Commissioner, dated 15th August 1859.

Under the order of Government, dated 19th July 1859, No. 393, we are directed to investigate a charge of mis-conduct preferred by the Madras Government against Mr. G. L. Prendergast, Accountant General, who is accused of having between the 10th November and 31st December of the past year purchased large aggregate amounts of the Promissory Notes of the Tanjore Debts at the heavy rates of discount at which those securities then stood in the Public Market, he well knowing from Official information, communicated to him in the Secret Department and a Draft Notification of discharge of the said debt which he had himself prepared, that by means of those purchases, he would secure for himself the profit which such stock would bear when the public learnt that the Tanjore Debt, was, as Mr. Prendergast knew from the Secret communication in question, to be discharged on a fixed date, at an interval of 15 months. It is alleged for the prosecution that such proceeding on the part of Mr. Prendergast was in contravention of Public Policy, a breach of official confidence and of his duty as Accountant General of the Madras Presidency, and un-becoming his position as such Accountant General and his character as a servant of the State.

The proceedings taken before us show that the charge thus made, rests in four *purchases* within the dates specified above, and on one *sale* of Tanjore Bonds in the month of January following.

The purchase first effected by Mr. Prendergast was on the 12th November 1858, for Rupees 30,000 from Luckmeedutt Davay at 16 per cent discount.

The second purchase was from the same individual for nine notes of the value with interest, of Rupees 9,875 also at 16 per cent dis-count, on the 21st November following.

The third purchase was concluded with Girder Doss Virjee Loll Doss on the same date for Tanjore Bonds valued at Rupees 20,000, at a similar rate of discount.

The fourth purchase was made on the following 22nd December with the same Virjee Loll Doss for about one lac of Rupees worth of Tanjore Bonds at 12 per cent dis-count which were paid for by Mr. Prendergast with book debt loan Bonds liable to a discount of 14 per cent.

The *sale* of Tanjore Bonds stock which Mr. Prendergast effected, is charged to have been made at 5 per cent discount on the 18th January following, Mr. Prendergast taking in payment of what he sold to a Soucar Bonds of the 5 per cent loan at a discount of 7 per cent. The object of bringing forward this *sale* transaction is understood to be simply to show how large a profit Mr. Prendergast was enabled to secure by having acted on the official secret intelligence which had reached him on the previous 10th November.

Mr. Prendergast in answer to the accusation preferred against him, declared himself to be *not guilty*; but he has admitted that he did make the 2nd, 3rd and 4th purchases and the sale abovementioned, and has placed before us written acknowledgments showing the rates of these transactions.

It was not admitted by Mr. Prendergast that he made the first mentioned purchase of

Rupees 30,000 worth of Tanjore Bonds from Luckmeedutt Davay. In respect of that transaction, therefore we have examined Luckmeedutt Devay himself and Mr. Teixeira, a person employed as a Manager in Mr. Prendergast's office and there can be no doubt from their Statements that Mr. Prendergast did, on the 12th November, agree to buy, and on the 15th following, did pay for that amount of Tanjore stock in completion of his purchase, under this proof of the first purchase and Mr. Prendergast's own admissions of the fact that the other four transactions actually took place, it would have remained for us simply to declare whether in our opinion, Mr. Prendergast was or was not guilty of the misconduct imputed to him, and I should not have hesitated at once to state my opinion in the affirmative such, indeed, is evidently Mr. Prendergast's own impression of the result of our enquiry, for we observe that in his defence presented to us in a written form, he has intimated that he has "in fact no defence" that "all that he has to offer "is an explanation of his conduct."

It is with reference to the explanation and conduct here adverted to that we should offer a few observations not immediately called for by the specific item of charge.

Mr. Prendergast, we learn, was on the 4th July last, required by the Chief Secretary to explain certain allegations in connection with the purchase of these Tanjore Bonds that had been made to the Government in a letter from one Paroosarama Moodelly.

Consequent on this requisition, Mr. Prendergast appears to have sought an interview with the Governor after the usual public breakfast on the 6th July, and then voluntarily and spontaneously to have offered a full acknowledgment of the error of which he had been guilty in entering upon purchases of Tanjore Stock on the strength of the information which had been received by him in his capacity of Accountant General. The testimony of the Governor, Sir Charles Trevelyan, in regard to what passed at the interview, is so clear and conclusive that we need only refer to the Notes of it which appear in our proceedings. It will suffice to remark that at that time, Mr. Prendergast made not the slightest reference to his having, as an inducement for buying Tanjore paper, been in possession of information other than what had reached him Officially in the Secret Department on the 10th November last.

Pages 3 to 9.

On the following day, the 7th, Mr. Prendergast appears further to have called on the Honorable Walter Elliot, a Member of Council, and then to have entered at length on the subject of his investments in Tanjore Stock. It is not necessary here to describe what passed at this interview. A narration of it is given in the Notes of Mr. Elliot's evidence recorded before the Commission, which accompany. It will be proper, however to advert to the important fact that neither at this interview any more than at that with the Governor which had preceded it did Mr. Prendergast make any allusion whatever to his transactions in Tanjore Bonds being the consequence of information other than what had publicly been received in his Office as Accountant General.

Pages 17th to 22nd.

The result of Mr. Prendergast's communication with Mr. Walter Elliot went to leave the latter Gentlemen under the impression that Mr. Prendergast would tender his resignation of his Office of Accountant General, as the course best to be pursued under the circumstances of the position in which his error had placed him.

Instead, however, of taking that step we find Mr. Prendergast intimating by note to Mr. Elliot on the evening of the same day, the 7th, that he "had got the clue to his acting in the mat- "ter of the Tanjore paper, Mr. Murray his Acting 2nd Assistant having informed him that Mr. "George Richardson had told him, (Mr. Prendergast,) *he* (Mr. G. Richardson,) had intelligence "from England that the Tanjore debt was to be discharged and that it was on *this, not on the* "*Government Orders* that he, (Mr. Prendergast,) proceeded to purchase what he did buy."

Following up this clue, Mr. Prendergast on the 9th July publicly replied to the requisition of the Chief Secretary dated the previous 4th stating distinctly that he "did *not* act in the matter "of the purchase of the Tanjore Bonds on the official information he had before him. He "should have scorned to do so unworthy an action. He acted on intelligence *altogether indepen-* "*dent* of that official information."

Proceedings of the Madras Government, Financial Department, from 17th to 23rd September 1859.

It is on the state of things established by Mr. Prendergast's above declaration that the Madras Government have taken action against him, and that we are now sitting as Commissioners: and it is especially incumbent on as to notify whether after the avowals made by him to two Members of the Government, we consider Mr. Prendergast truly to have asserted that his purchases of Tanjore Stock, were effected on a source of information "*altogether independent*" of that obtained by him in his Official capacity of Accountant General for the Madras Presidency.

It becomes our duty to express an opinion on this important point, as much because the Government have desired, and Act 37 of 1850 requires us to offer on the whole case the observations we think fit, as because Mr. Prendergast in his written address refers to the more serious charge raised by implication against him of an endeavour to meet the accusation of Government by a false defence and calls on us to consider whether all the surrounding circumstances do not to a certain extent, form for him a moral exculpation.

In support of the allegation that he had information of the intended paying off of the Tanjore Debt, prior to that which Mr. Prendergast admits was conveyed to him by the Government communication of the 10th of November last, Mr. Prendergast has cited certain witnesses of whose depositions before us on oath, copious notes are submitted to the Government.

Pros. page 23 to 28.

The principal deponent is Mr. George Richardson who has declared that on the strength of a letter received by him from England; he learnt and, on the 26th or 27th October last, told Mr. Prendergast that the Tanjore Debt would be discharged, Mr. James Richardson, (although he acknowledges he never saw it) speaks to such a letter having reached his brother George Richardson at the time stated by the latter, and it is attempted by these persons to fix the date of its arrival and the communication of its purport to Mr. Prendergast by representing that in consequence of it, they at once arranged to make extensive purchases of Tanjore Bonds on joint account with a Soucar named Girder Doss Govind Doss.

Page 32 to 34.

Soondeyee Salut and Girder Doss, the one a broker, the other the Soucar just mentioned, declare that Mr. G. Richardson did enter the market as a buyer of Tanjore Bonds and although there may perhaps be some doubt as to the correctness of the data on which their recollection of the precise date of the specific transaction they were engaged in with Mr. Richardson is revived, I do not think there are good and sufficient grounds for rejecting their testimony, which, taken in corroboration of the statements of the brothers Richardson themselves, goes to establish the fact that the latter were purchasers of Tanjore Bonds between the 25th October and 1st November last year.

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Page 39.

There is a contradiction between the depositions of Girder Doss Govind Doss and George Richardson as to the date of the commencement of their joint purchases of Tanjore stock, but it does not harm the main point whether Richardson was or was not in a position to impart to Mr. Prendergast the intelligence said to have been brought to him on the Steamer from England; and in carefully weighing the bearings of this part of the enquiry, I come to the conclusion that we may accept as a fact, that G. Richardson was in possession of some kind of intelligence relative to the clearing off of the Tanjore Debt.

It remains for consideration whether such as it was, this intelligence reached Mr. Prendergast through G. Richardson. In this respect the course taken by the accused is to show, in addition to the assertions of the Richardsons, that he (accused) was enquiring for Tanjore Bonds with a view to exchanging Book Debt Loan for them, before he received the secret communication of the 10th November and that such in reality was the case seems to me to be established by the statements made by Mr. Prendergasts, own witnesses Murray and Girder Doss Virjee Loll Doss and by the cross examination of Teixeira and Luchmeedutt Davay, witnesses for the Prosecution.

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" 35 to 36.
" 13 to 17.
" 9 to 13.

Girder Doss Virjee Loll, a Soucar, appears to have been applied to by Teixeira on behalf

of Mr. Prendergast, about the end of October as to the rates at which he would make such a sale, Teixeira corroborates his statements and Luchmeedutt Davay who cannot be thought to be friendly to Mr. Prendergast, speaks of its having been currently reported on the Bazar at the close of October that Mr. Prendergast wanted to effect an exchange of stock of Tanjore Bonds.

It may therefore be conceded to Mr. Prendergast I think that Mr. Richardson had mentioned to him the contemplated discharge of that kind of stock and that in consequence Mr. Prendergast had taken certain initiatory measures for buying some of it.

There, however, I stop and I hold that such concession forms no palliation whatever of the error into which Mr. Prendergast fell after the 10th November up to that date, it is abundantly clear, Mr. Prendergast had made no single purchase or exchange, whatever may have been the extent of his preparations for investment in Tanjore Bonds. It should undo ubtedly have occurred to any person of business knowledge, that G. Richardson's intelligence might prove erroneous, but we have no means of ascertaining whether a mistrust of it actuated Mr. Prendergast, or whether the rates offered by Virjuloll Doss to Teixeira were really regarded as insufficiently favorable. Reasonably enough also Mr. Prendergast may have considered that a rise in the di s count rates would have been the result of the Accountant General coming into the market as a large purchaser of any particular stock. But whatever the reason may have been under which Mr. Prendergast did not close with the transaction first proposed to him through Teixeira, it is proved beyond a doubt that *up to the 10th November* Mr. Prendergast had not brought a single Tanjore Bond; whereas two days later, that is two days after the letter from Government in the Secret Department had amply corroborated the truth of G. Richardson's item of intelligence a bargain was at once concluded with Luchmee Dutt Davay for Rupees 30,000 worth of Tanjore paper at the heavy discount of 20 per cent; three other large investments being effected at intervals prior to the Official Notification being made under which it would have been open to Mr. Prendergast as Accountant General to come into the market and buy what he wanted in common with the public community at large. The unfairness of the proceeding may be sufficiently estimated by reference to the fact that in January Mr. Prendergast got rid of many thousands of Rupees worth of Tanjore paper at a discount of only 5, when but a few days previously he had bought in at 20 and 15 per cent discount.

As I view the position in which Mr. Prendergast was at this time employed he should have held himself to be barred in honor from buying Tanjore stock the moment he learnt officially that that debt was to be cleared off. I regard his adoption of a contrary course as less excusable in his case, since it is shown by Mr. Murray, evidently a confidential old servant of Mr. Prendergast's Department, that he warned his official superior against the impropriety of his purchasing Tanjore Bonds,

Adverting then, to what passed between Mr. Prendergast and Murray about the 15th November as deposed by the latter, I deem it to be beyond the range of possibility that in his interviews with the Governor and Mr. Walter Elliot, Mr. Prendergast should have been unable to recall the causes of his investment in Tanjore Stock, if in truth and reality he had been induced to make the investment solely in consequence of Richardson's information. The objection whatever its precise wording, that Mr. Murray raised to such a purchase by the head of the Accountant General's Office must, I conscientiously believe, have left a marked impression on Mr Prendergast's mind. But, apart from any such objection, the charge of investment to the extent of more than a lac of Rupees, of the property of a member of the Civil Service is no such trifling event in a man's life that the motive of such change should escape the memory of the person solely interested in it after the lapse of less than a year.

I regard Mr. Prendergast's explanation to the Governor made on the 6th July, as the true exposition of the circumstances of his purchases, and I deeply regret my inability to accept in a similar sense the contradiction of that exposition which reached the Chief Secretary in Mr. Prendergast's note three days later.

(Signed) H. D. PHILLIPS,

(True Copy.)

(Signed) C. HUGH LUSHINGTON,

Secretary to the Government of India.

Proceedings of the Madras Government, Financial Department, from 17th to 23rd September 1859.

No. 20. ORDER THEREON, 21st September 1859, No. 530.

Ordered that the Minutes be now brought on record with reference to the report of the Commission entered on the Proceedings of Government from 20th to 26th August 1859.

(Signed) T. PYCROFT,

Chief Secretary.

Rxd. A. P. W. Begbie.

List

(7)

Order thereon 21st September 59. No. 530.

Ordered that the Minutes be now brought on record with reference to the report of the Commission entered on the Proceedings of Government from 20th to 26th August 1859.

List

(8)

Ordered that the Minutes ~~refer~~ be now brought on record with reference to the Report of the Commission entered on the Proceedings of Govt from 20th to 26th August 1859.

JP