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MADRAS RECORD OFFICE.

Government of Madras.

Jdic DEPARTMENT.

G.O. No.	718	Press Mis.
Dated	11-10-	1862.

15/11

27-28

Not to be folded or roughly handled

No. 27. Read the following Report from R. S. ELLIS, Esq., C. B., Commissioner; to the Chief Secretary to Government, dated 30th September 1862.

In accordance with the instructions conveyed to me in the Government Order, No. 624 dated the 26th August 1862, I have the honor to report upon two of the points required in connection with the defalcations discovered in the Government Savings' Bank during the time when Mr. Clark held the appointment of Actuary.

2. As far as it has been possible to ascertain, the total amount of money misappropriated by the late Actuary is Rupees 9,926-10-9, of which amount the Government is still liable for Rupees 7,758-6-3, exclusive of interest.

3. It is not possible to certify that this sum actually represents the total deficiency caused by the frauds practised by the late Actuary. No certainty on the subject can be acquired without calling in the whole of the Bank books which have been issued during the last few years. These are in number 4,497 and the delay which would take place before these numerous accounts could be audited, would cause serious inconvenience, and create so much distrust among the poorer class of depositors, that I do not think so detailed an examination desirable. A list of those persons whose savings have been invested in non-transferable Government Promissory Notes has been prepared, and whenever it has been found that these Notes have been cancelled, steps are being taken to ascertain whether the transaction has been legitimate or whether, as in cases 4 and 5 reported below, fraud has been practised.

4. The frauds which up to the present date have been ascertained, and of which the commission can be clearly traced to the late Actuary are six, as detailed in the margin.*

		Rs.	A.	P.
*No. 1.	Margaret Conroy	2,365	3	6
„ 2.	Lieutenant Geraldine	1,013	2	6
„ 3.	Pensioned Private Farmer	1,748	4	6
„ 4.	Quarter Master Serjeant Taylor	1,550	10	8
„ 5.	Key Serjeant Fowler	520	15	1
„ 6.	Privates			
	James Lafferty 282 15 9			
	Phillip Martin 231 13 0			
	Charles Osborne 210 9 9			
		725	6	6
		725	6	6
		9,926	10	9

† Contrary to rule.

5. The manner in which these frauds were carried out is as follows:—Mrs. Conroy, who is an elderly woman, unable to read and write, had the utmost confidence in Mr. Clark's integrity; she was in the habit of leaving her Bank book with him† and used to bring her deposits and give them to Mr. Clark. These deposits were credited by him in Mrs. Conroy's Bank book, but were not entered in the books of the Bank, the amounts having been appropriated by him.

According to these entries there was to Mrs. Conroy's credit...	Rs.	1,952	1 10
Less withdrawn 27th February 1862...	„	420	0 0
Rupees...		1,532	1 10

6. In the Savings' Bank Ledger the amount entered on the credit side of Mrs. Conroy's account on 1st May 1862, is Rupees 6-14-4, while there is an entry on the debit side of 420-0-0. This entry would seem to have been the last amount of money drawn out by Mr. Clark, with reference to Mrs. Conroy's account, and the totally irregular entry was made in the Ledger by Mr. Clark's direction. Further details of this transaction are contained in Statement A which accompanies this report, and are further described in that portion of the report itself in which is described to what extent the subordinate officials, employed in the Government Savings' Bank, were cognizant of Mr. Clark's frauds.

7. Mrs. Conroy states that she believes her credit to have been much larger than the entries made by the late Actuary in her Banking book—and that it must have reached the limit of 2,500 Rupees, as she opened a fresh account in the joint name of herself and her son Mr. Holden.

8. The defalcation in this case, as detailed in the Statement A, amounts to Rs. 2,365-3-6; that is the amount to Mrs. Conroy's credit as per Bank book Rs. 1,952-1-10, and the amount drawn by

the Actuary (420 Rupees) but which has never reached Mrs. Conroy. Although the Government might not be held legally responsible, inasmuch as Mrs. Conroy parted of her own accord with her Bank book, there was every reason for her to believe that in confiding her Bank book to the Savings' Bank Actuary, she was not incurring any risk or committing any irregularity. Under these circumstances, I am of opinion that it will be advisable that the Government should hold itself responsible for this defalcation, and that Mrs. Conroy should be informed that, on her application, the amount, Rupees 1,952-1-10, will be paid to her. This amount includes Rupees 6-14-4 entered as described above to her credit in the Bank Ledger.

9. Sanction will be required to write off to Profit and Loss, the amount (420 Rupees) drawn by Mr. Clark and appropriated by him.

* Original deposit under date 20th Jan. 1835.	Rs.	398	9 9
Accumulation of interest.....	,,	617	8 9
Rupees...		1,016	2 6

10. Case No. 2. That of Lieutenant Gascoigne is simply that of a deposit* made by a person supposed to be since deceased and which had long remained unclaimed.

11. The late Actuary on his own responsibility, issued a duplicate Bank book in Lieutenant Gascoigne's name, in which was credited the amount marginally noted. On the 20th September 1861, according to an entry in the handwriting of the late Actuary, the whole amount appears as drawn out by the late Administrator General, Mr. Teed, whose signature has been forged in the Bank book. The actual payment is entered as having been made to one Ramjee, peon, whose mark has been certified in Mr. Clark's handwriting. On a reference to the Administrator General's Office, it has been ascertained that Mr. Teed's signature in the Bank book is a forgery; that Mr. Teed never administered to Lieutenant Gascoigne's Estate, and that there is no peon of the name of Ramjee attached to the Administrator General's Office.

Lieutenant Gascoigne.....	Rupees	1,016	2 6

12. The issue of a fresh Bank book without an application from the depositor or his representatives stating how the original book was lost, was completely irregular, and should, as it probably did, attract the attention of the Savings' Bank's subordinates. Their compliance in this as in other irregularities, under Mr. Clark's directions, will be separately noticed. It is uncertain whether the amount of this defalcation, Rupees 1,016-2-6, will be claimed. It is probable from the time that has lapsed since the date of the original deposit, that Lieutenant Gascoigne is dead; but should such application be made it must be complied with by the Government.

13. The third case has been described as that of the late pensioned Private Farmer. No such person as a depositor in the Savings' Bank has been discovered. In the extract from the Register of deposits made in the Military Pay Office in Mysore, for investment in the Savings' Bank, the total sum entered for the month of October 1861, was Rupees 1,411-8. The late Actuary had a duplicate of this document prepared, in which he caused to be inserted the name of Private J. Farmer as having deposited a sum of Rupees 2,065-14, thus making a total of Rupees 3,477-6 as the amount of deposits of October 1861. Against this fictitious credit the late Actuary drew the sum of Rupees 1,748-4-6, which amount was also appropriated by Mr. Clark. This fictitious extract was retained by Mr. Clark in his possession to serve as a voucher on inquiry being made, while the genuine extract was sent to the Accountant General's Office in the usual manner. The fictitious extract which bears Captain Taylor's, the Mysore Paymaster's, name, clumsily forged, was discovered in Mr. Clark's desk, after his death.

14. This loss of Rupees 1,748-4-6 which has been drawn from the monies at the credit of the Savings' Bank must also be borne by the Government, and written off to Profit and Loss.

15. Fraud No. 4 was discovered under the following circumstances.—Quarter Master Serjeant William Taylor, late of the 2nd European Light Infantry, now a Pensioner residing at Bangalore, applied for the payment of principal and interest of a non-transferable 4 per cent. Treasury Note, No. 46, for Rupees 1,500. Upon a reference being made to the Bond Department of the Accountant General's Office, it would appear that this identical Note was paid in full with

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interest, amounting to Rupees 1,550-10-8, on the 6th July 1860, and it has been ascertained that this payment was made on an application from the then Secretary to the Bank.

16. The Books of the Savings' Bank have been carefully examined, but no entry showing that the proceeds of the said Note were ever brought to account, can be found. There can be little doubt that the signature to the above letter was obtained from the Secretary upon a forged application, subsequently destroyed, from Mr. Taylor himself, or the Officer Commanding the 2nd European Light Infantry, and that the proceeds have been appropriated by Mr. Clark. The Treasury accounts of 6th July 1860 exhibit the payment of Rupees 1,550-10-8 as made to one Mooneappan, a Golah of the Savings' Bank, but he can give no information on the subject.

17. The amount due to Mr. Taylor up to 30th September, is Rupees 1,685, and I have the honor to recommend that he be informed that upon application this amount will be paid to him. This sum also will have to be written off to Profit and Loss.

18. The case No. 5 of Serjeant Fowler is similar in all its circumstances to the preceding case. Rupees 2,520-15-1 is the amount of defalcation, representing non-transferable Notes amounting to Rupees 2,500 and interest. The fraudulent payment was made on the 13th May 1859. The principal amount, *plus* interest up to the present date, is due to Serjeant Fowler; and this loss must be borne by the Government. No application has yet been made for the discharge of these Notes. The amount Rupees 2,520-15-1 and interest must also, as in the preceding case, be written off to Profit and Loss, and authority granted by Government for the issue of other Notes in the name of Serjeant Fowler.

19. It is with reference to these transactions that the list referred to in para. 3, has been prepared. On inspection of the Register of non-transferable Notes it would appear that many of these, *vide* Statement B, have been written off as paid in full without having been brought into the Bank books to the credit of the owners; which is, even supposing no fraud to have been practised, highly irregular. The amount of such Notes as per Statement B is, with interest, Rupees 8,134-1-10. This sum represents the total future possible loss to Government (in addition to the known loss Rupees 9,926-10-9) which can be ascertained at present. But it is not by any means certain that the proceeds of all these Promissory Notes have been misappropriated. It will require considerable time and correspondence before any actual certainty regarding these Notes can be obtained.

	Rs.	A.	P.
James Lafferty.....	282	15	9
Philip Martin.....	231	13	0
Charles Osborn...	210	9	9
	725	6	6

20. The 6th case of Fraud is that of deposits amounting to Rupees 725-6-6, made in the names of three Privates of H. M.'s 43rd Regiment, who had completed their service and been pensioned.

21. The 43rd Regiment was about to leave for Bengal, and the Adjutant of the Regiment forwarded on the 17th December 1861, the sums noted above to be credited to the depositors. It would appear that the Adjutant's Clerk, who brought these monies, was acquainted with the Actuary, and contented himself with delivering the money to him and receiving a receipt for the amount. No Bank books were issued in the names of the depositors, nor was any account opened in the books of the Bank with them. The money, so far, is traced to the hands of the late Actuary, but no further trace is found thereof. There can be no doubt, however, that this sum was appropriated by Mr. Clark.

22. The irregularity on this occasion in not issuing Bank books in the names of the depositors, should have attracted the attention of the Adjutant's Clerk in the first instance, and of the Adjutant afterwards, who should not have been satisfied with the mere receipt of the Actuary. As it was, even if the money had not been mis-appropriated, the depositors, without these Bank books, could not have withdrawn any portion of the amounts deposited.

23. This sum, Rupees 725-6-6, principal and interest, must now be replaced by the Government, and the depositors furnished with Bank books; the amount of the defalcation being, as in preceding cases, written off to Profit and Loss.

24. There may be other frauds similar to case 6, but these will not be discovered except by accident or by the application of parties interested. Case No. 6 was brought to light in consequence of Private Osborn, who resides at Poonamallee, hearing that frauds had been discovered in the Government Savings' Bank, and making enquiry through the Officer Commanding that Station, regarding his own deposit. This led to an enquiry into the matter, and to a correspondence with the Officer Commanding the 43rd Regiment, when the facts above stated were ascertained.

25. The 2nd point to which I have directed my enquiries, is, to what extent the subordinate officials employed in the Government Savings' Bank were cognizant of these frauds.

26. The cases which seemed best calculated to elicit these facts were Nos. 1, 2, 3, because all these passed more or less through the hands of the subordinate officials, and were marked by irregularities which could hardly fail to excite attention.

Case 1, Margaret Conroy.
Case 2, Lieutenant Gascoigne.
Case 3, Pensioned Private Farmer.

27. The subordinates who had most opportunity for discovering the malpractices of the late Actuary, Mr. Clark, were the Head Accountant Mootoosawmy Moodeliar; C. Narrainsawmy Moodeliar, Assistant Accountant; V. Kistnasawmy, Ledger poster, and T. Ghaticachella, Shroff.

28. It was a matter of notoriety that the present Accountant, Mootoosawmy Moodeliar, was a *protegé* of the late Actuary, Mr. Clark; constantly with him and enjoying his confidence, and in such a position as would give him every facility for being acquainted with Mr. Clark's daily actions.

29. It may here be stated that during the latter period of his service, Mr. Clark was of exceedingly intemperate habits, and was often, even when in office, incapable of transacting business. It is difficult to suppose that an intelligent Native placed in the circumstances above described, should have failed to discover irregularities of the most glaring description, more especially when it is remembered that Mr. Clark himself had called attention to the subject by having, in March 1860, given himself up as a defaulter. This act was at the time attributed to temporary insanity, and Mr. Balmain, then Secretary to the Savings' Bank, directed Mootoosawmy, the Accountant, to ascertain whether there was any foundation for Mr. Clark's self-accusation, and he reported that all was correct. Supposing that the Accountant could not at the time discover any irregularity, the circumstances above stated were sufficient to rouse his attention and to ensure his vigilance, and rendered it his absolute duty, upon any suspicious circumstance occurring, thoroughly to search into the same, and report the result to his and the Actuary's superior, the Secretary to the Savings' Bank.

30. The Accountant would urge as exempting him from suspicion in the cases 1st and 3rd, that he was absent on leave from Madras at the time these cases occurred. The fraud in the case of Farmer took place on 10th December 1861. The Accountant took leave from the 10th December 1861 to the 10th March 1862, and, in his first deposition before me, the Accountant gave me to understand that during the whole of this period he was absent from Madras; but after I had made enquiry from other witnesses, and had ascertained that this was not the case, he acknowledged that he returned to Madras (on account of some relative's funeral) on the 22nd December 1861. He allows also that he was in Madras, although not attending at the office, on the 27th or 28th February, the date on which the fraud in the Conroy case took place. But granting him every benefit from his being on leave during the time the Farmer and Conroy frauds actually took place, there can be no doubt that immediately on his return these frauds were brought to his notice.

Case 1, Mrs. Conroy.
Case 3, Pensioned Private Farmer.

31. Immediately after his return from leave (10th March) he was informed of the suspicious circumstances connected with the payment on account of pensioned Private Farmer, that Mr. Balmain had made certain enquiries regarding a voucher for this payment which was not forthcoming, and that there were rumours in the Office that this disbursement was irregular and fraudulent. Nothing would have been more natural than for the Accountant forthwith to have examined

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whether there was any voucher for Farmer's payment, and whether this voucher was a valid document. Had he done this the fraud would at once have been discovered. In the same manner, in Mrs. Conroy's case, it was brought to the Accountant's notice, that, although there was only a sum of Rupees 6-14-4 to her credit in the Ledger, her account had been overdrawn by Rupees 413-1-8. This was so gross an irregularity, that, unless an immediate and satisfactory explanation could be furnished by the Actuary, it was clearly the Accountant's duty to report the matter to the Secretary.

32. He does not appear to have ever made this known to the Secretary, or to have taken any steps towards bringing this matter to notice. When, after Mr. Clark's death, Mrs. Conroy's Bank book was discovered, and, with it, the fraud practised by the late Actuary, no mention whatever was made by the Accountant of his having had any previous intimation thereof, nor was this fact elicited, except during the present enquiry. The Accountant states that he communicated to Mr. Gordon, then Secretary, that there were certain rumours current in the Office regarding irregularities in the Government Savings' Bank.

33. I have communicated with Mr. Gordon upon this point, and he writes that Mootoosawamy Moodeliar, the Accountant, did mention the existence of these rumours, but that he expressed himself *unable to vouch for their accuracy and that the rumours were vague and indefinite.* It is evident that this was not the conduct which should have been followed by the Accountant. He could perfectly have pointed out to what the rumours had reference, namely, the cases of Farmer and Conroy, and in what manner their truth could be ascertained. So vague would appear to have been the report made to Mr. Gordon that he did not consider it necessary to make any formal enquiry but merely referred the Accountant to the Actuary, and himself questioned Mr. Clark who declared that these rumours were without foundation. Mr. Gordon states that he does not remember Private Farmer's name being mentioned to him.

34. It is not easy to explain why these rumours should have been mentioned by the Accountant to the Secretary; but as Mr. Clark's health was rapidly failing and his death seemed likely soon to occur, it may have seemed expedient to the Accountant to screen himself from the consequences of the discovery of these frauds, which was certain to take place on the Actuary's death.

35. In the Case 2, that of Lieutenant Gascoigne, the Accountant himself made the entry in the Pass book, No 425, "Lieutenant Gascoigne, by the Administrator General, Rupees 1,016-2-6" from a book which he states was sent to him by Mr. Clark on a Bank day. The Accountant professes to be ignorant of the circumstances under which a duplicate Bank book was issued in Lieutenant Gascoigne's name. This should have been done upon an application from the Administrator General, supposing Lieutenant Gascoigne to be dead; but the Accountant did not ascertain whether any such application had been made by the Administrator General, or whether any letters of Administration had been taken out on account of Lieutenant Gascoigne's Estate, of which there should have been a record in the Office. Further, the circumstance that the Secretary's signature was not affixed to the duplicate Bank book, did not, although a grave irregularity, cause the Accountant to make any enquiry into the circumstances under which this duplicate Bank book was issued.

36. The Accountant is a man of considerable intelligence, and, during the time that Mr. Clark was Actuary, he occupied a position of authority and influence. Although I have been unable to discover that any portion of the monies embezzled by the late Actuary were received by the Accountant, I cannot believe that he was ignorant of the malpractices of his superior.

37. He had the opportunity of making these known, and failed to do so; for the mere mention at a very late period of vague rumours was likely to be, as it proved, useless. Making every allowance for the peculiar position in which the Accountant, as well as the other subordinates, was placed, namely, of having to inform against a person enjoying so highly the confidence of his superiors, as was the case with Mr. Clark, I still consider that the Accountant's conduct has exposed him to the gravest suspicion, and that he has been wanting in his duty to Government. I, therefore, recommend that Mootooswamy Moodeliar be dismissed from the service of Government.

C. Narrainsawmy, Assistant Accountant.
V. Kistnaswamy, Ledger poster.
Ghaticachella Pillay, Shroff.

38. As regards the part taken by the subordinates named in the margin, I will not enter into a detail of all the circumstances contained in their evidence. It will be sufficient to state that the Assistant Accountant, C. Narrainsawmy Moodeliar, opened an account in the name of pensioned Private Farmer, making an entry "By cash 2,065-14," although this entry was unsupported by any voucher. He states, and probably with truth, that he did this by Mr. Clark's direction, and after remonstrance, but this was no sufficient reason for not reporting the matter to Mr. Balmain, the Secretary. This was more inexcusable as Mr. Balmain's suspicions were excited by this entry, and that he enquired for a voucher, which Mr. Clark stated was mislaid. This missing voucher was the extract of deposits subsequently forged by Mr. Clark, and probably shown by him to Mr. Balmain. The fact that no voucher was subsequently sent to C. Narrainsawmy ought to have made him suspect that a fraud was committed, and should have been sufficient reason for reporting the whole matter to the Secretary, when the fraud would have been discovered.

39. C. Narrainsawmy also opened the new Bank book in the Gascoigne case above reported, and made all the entries in the credit side thereof, and also in the Bank Ledger, although the Bank book did not bear the Secretary's signature. Again, in the case of Mrs. Conroy, C. Narrainsawmy made the entry of a payment to Mrs. Conroy of Rupees 420, at Mr. Clark's direction, but without examining her Bank book which Mr. Clark held in his hand at the time. He knew that the amount had not been paid at the time to Mrs. Conroy; and, ten days after, when Mr. Clark sent for this sum, 420 Rupees, which had been kept in deposit with the Shroff, he never enquired whether Mrs. Conroy had really attended at the Savings' Bank, or whether any payment had actually been made to her. This entry made ten days before in the Cash Book on a verbal order from the Actuary, while the money remained in the Cash Chest, should have excited his attention, as being a palpable irregularity.

40. In like manner V. Kistnaswamy, a Ledger poster, made the entry of 420 Rupees as a payment to Mrs. Conroy, although only a sum of Rupees 6-14-4 was at her credit in the Bank Ledger. He states that he reported this to Mr. Clark, but that he assured him that Mrs. Conroy had made a further deposit up-country, of which the advice would shortly arrive. There could be no necessity, and it was clearly grossly irregular, to make any such entry until such advice had been received and credited. The fact that he was ordered to make such an entry by the Actuary is no sufficient reason for not bringing this irregularity to the notice of the Secretary.

41. Ghaticachella Pillay, the Shroff, in the case of Mr. Farmer, disburse da sum of Rupees 1,748-4-6, and sent it to Mr. Clark's room, although he was not aware of any person having applied for the money, nor was this sum sent to the Presidency Paymaster's Office as would have been the case had the disbursement been regularly made. Mr. Balmain, on the very day this took place, was in the Office enquiring about this identical payment, and of this circumstance, the shroff would pretend to be ignorant, although Mr. Balmain's appearing among the Clerks and making minute enquiries about this payment, excited, as was natural, very great attention throughout the Office.

42. Again he kept the amount Rupees 420, said to have been drawn on account of Mrs. Conroy, for ten days in his Cash Chest and finally took it to Mr. Clark's room, although it was not a Bank day, and Mrs. Conroy had not appeared to draw the money.

Case No. 6.
James Lafferty.
Philip Martin.
Charles Osborn.

43. In like manner, he received the amount Rupees 725-6-6, in case No. 6, into his Cash Chest, without counting it, or making the usual entry in his books; and delivered this money two or three days after to Mr. Clark. The only explanation he can give for this conduct is, that he thought it might be Mr. Clark's own money; although he admits that Mr. Clark had never before kept any money with him.

44. I see no reason to believe that these subordinates, C. Narrainsawmy, V. Kistnaswamy, and T. Ghaticachella, had any actual share in the monies misappropriated by the late Actuary; but I

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cannot credit their statements that they were entirely ignorant of the fraudulent irregularities practiced by Mr. Clark, and it was their duty to have brought these without delay to the notice of the Secretary. It may be held as some extenuation of their silence, that they occupied subordinate positions, and that they were reluctant to inform against the head of their department, in whom they knew that the Directors of the Savings' Bank placed an almost unlimited confidence.

45. But such hesitation on the part of subordinates renders the perpetration of fraud an easy matter, and it is necessary that the Government should mark by some punishment the negligence shewn by their *employés* to protect the interests of the Government under whom they serve. I would, therefore, recommend that C. Narrainsawmy, V. Kistnaswamy, and Ghaticachella Pillay, be degraded to situations of smaller emoluments than now enjoyed by them, and that they be transferred to some other department.

46. As regards the 3rd point upon which I am directed to report, namely, the system which prevailed during the time the late Mr. Clark was Actuary, and what checks have been subsequently introduced by the Directors of the Bank for the prevention of fraud, and whether further alterations are necessary, I would solicit the permission of Government that Mr. Mangles, Acting Accountant General, be appointed a Joint Commissioner with me for this purpose, and that I may be allowed the assistance of Mr. Norfor, Secretary to the Chamber of Commerce, in order to test thoroughly the checks at present in force in the Government Savings' Bank, and to invite any suggestions which Mr. Norfor's experience may afford for the improvement of the present system.

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Statement A of total defalcations in the Government Savings' Bank as far as yet known, up to 24th September 1862.

Case No.	Name.	Amount of defalcation.	Amount for which Govt. is liable.	Remarks.
1	Mrs. M. Conroy... ... ... * The *balance* due Mrs. Conroy, as per her Bank book is only Rs. 1,532-1-10 deducting the sum of Rs. 420 as shown in column of remarks.	2,365 3 6	1,945 3 6	Mrs. Conroy's Bank book exhibits deposits on the credit side of the account, aggregating .....Rs. 1,952 1 10 but this amount has never been paid into the Bank by the Actuary; her real credit as per the Bank's Ledger, is only Rs.... 6 14 4 ——— which subtracted, leaves due Rs. 1,945 3 6 ——— A withdrawal of Rs. 420 was made by the Actuary, but never paid to Mrs. Conroy, making the total *defalcation* in this case... ... ... Rs... 2,365 3 6*
2	Lieutenant E. J. Gascoigne.	1,016 2 6	1,016 2 6	Exclusive of interest, which will go on accumulating until the Exor. (if one ever appears) makes his claim.
3	Pensioned Private J. Farmer, late 17th Lancers.	1,748 4 6	no liability.	This is an imaginary person; a false extract of deposit was prepared by order of the Actuary, for a sum of Rupees 2,065-14, from which the sum of Rs. 1,748-4-6 was withdrawn.
4	Quarter Master Serjeant W. Taylor, 2nd E. L. I., now a Pensioner, residing at Bangalore.	1,550 10 8	1,550 10 8	Exclusive of interest up to whatever date the Serjeant may claim the discharge of this Soldier's non-transferrable Treasury Note. The amount fraudulently paid was 1,550-10-8 inclusive of interest up to date of that payment, viz., 6th July 1860. This man has applied for discharge of the Note, which application led to the discovery of the fraud.
5	Key Serjeant George Fowler.	2,520 15 1	2,520 15 1	Exclusive of interest on these three Soldiers' Notes; the amount of principal is Rs. 2,500 which with interest to 13th May 1859 makes the sum of Rs. 2,520-15-1; no application has yet been made for discharge of said Notes.
6	Three Privates of Her Majesty's 43rd Regiment, viz,			
	James Lafferty... ...	282 15 9	725 6 6	Exclusive of interest from 1st January 1862, the date of deposit was 17th December 1861.
	Philip Martin... ...	231 13 0		
	Charles Osborne... ...	210 9 9		
		9,926 10 9	7,758 6 3	

(Signed) R. S. ELLIS,
Commissioner.

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Statement B of Soldiers' non-transferrable Notes, written off the Register as discharged, but not traceable in the books of the Bank.

Name.	Amount of Note.	Date of discharge, as per Register.	Amount paid with Interest.	Total.
Pensioned Serjeant Major Samuel Alexander, late H. M.'s 25th Regt.	500 0 0	28th Feb. 1860.	509 7 1	
	500 0 0	,, ,,	509 7 1	1,018 14 2
Store Serjeant Thomas Mallett, late 2nd E. L. I.	500 0 0	2nd Dec. 1859.	514 14 3	
	500 0 0	2nd Mar. 1860.	509 12 5	1,024 10 8
Bombardier Robert Watson, 4th Btn. Artillery...	500 0 0	23rd Apr. 1860.	512 10 8	512 10 8
Private Peter Kennedy, H. M.'s 84th Regiment	500 0 0	12th Aug. 1859.	508 12 5	508 12 5
Pensioned Serjeant William Dunn, late H. M.'s 84th Regiment.	500 0 0	28th Jan. 1859.	507 13 4	
	1,000 0 0	,, ,,	1,016 15 8	
	1,500 0 0	,, ,,	1,520 15 0	
	1,003 0 0	,, ,,	1,003 8 8	4,049 4 8
Private Richard Edwards, 1st Madras Fusiliers....	500 0 0	11th Nov. 1859.	513 11 6	513 11 6
Private Thomas McMahon, 1st Madras Fusiliers	500 0 0	23rd Dec. 1858.	506 1 9	506 1 9
	8,000 0 0	.....	... .	8,184 1 10

(Signed) R. S. ELLIS,
Commissioner.

No. 28. ORDER THEREON, 11th October 1862, No. 718.

In this Report Mr. Ellis states that, as far as it has been possible to ascertain, the total amount of money misappropriated by the late Actuary to the Government Savings' Bank is Rupees 9,926. The manner in which these frauds have taken place is clearly explained in the Report and indicates that the system of account and check in the Government Savings' Bank at the time Mr. Clark was Actuary, was extremely imperfect, and that the supervision exercised over the Actuary by the then Secretary and Directors was most inadequate.

2. Mr. Ellis has recommended in paras. 8, 9, 14, 17, 18 and 23 of the Report that the sums embezzled by Mr. Clark, should be repaid by the Government.

3. The Government concur in this recommendation and resolve to refer Mr. Ellis' Report to the Acting Accountant General, with a view to that Officer suggesting in what manner this repayment should be made, and under what heading of the Budget this disbursement should be debited.

4. The 2nd point noticed in Mr. Ellis' Report is the extent to which the subordinate officials employed in the Government Savings' Bank were cognizant of the frauds practised by the late Actuary. From the facts elicited there can be little doubt that the malpractices of the late Mr. Clark were, for a considerable time previous to his death, when from certain papers found in his desk the defalcations were discovered, known generally in the Office—and it is disgraceful to all employed that no single public servant should have come forward to make known these frauds.

Proceedings of the Madras Government, Financial Department,
11th October 1862.

Mootooswamy Moodeliar, Head Accountant.
C. Narrainswamy Moodeliar, Assistant Accountant.
V. Kistnaswamy, Ledger poster, and
T. Ghaticachella, Shroff.

5. The employés noted marginally are those, who, from their position in the Savings' Bank, were best able to discover the course of embezzlement followed by the late Actuary. Mr. Ellis has recommended that Mootooswamy Moodeliar the Head Accountant should be dismissed, and that the others should be degraded to situations of smaller emoluments than those which they now enjoy and be transferred to some other Department.

6. The Government resolve to dismiss all the individuals aboved named. Their removal to posts of lower emolument would be, in the opinion of the Government, a punishment inadequate to the grave dereliction of duty of which they have been guilty. It is impossible that these employés can have been ignorant of the frauds that were practised; they themselves were parties to these frauds to a certain extent, inasmuch as they committed irregularities in entries in the Bank accounts, and in the disbursement of money, which could have no other object than the perpetration of fraud and without which these malversations could not have succeeded. The Government refuse to admit as any excuse for such conduct that these public servants were acting under the direction of their superior the Actuary. With such clear indications of the system of embezzlement which prevailed, it was their duty to have brought these matters to the notice of the Secretary to the Bank.

7. The Government sanction the course recommended by Mr. Ellis in para. 46 of his Report.

8. Mr. Mangles will be appointed a Joint Commissioner with Mr. Ellis for the purpose of reporting upon the system which prevailed while Mr. Clark was Actuary, and upon the checks which have been introduced recently by the Directors of the Bank and upon any further alterations which may be necessary.

9. Mr. Ellis will also request the assistance of Mr. Norfor for the purpose stated in para. 46

(Signed) T. PYCROFT,
Chief Secretary.

13C

17th September 1862.

No. 1144 of 1853/56/11 Sept 1853

To

The Accountant General & Sub Treasurer

Madras.

Treasury Certificate No 5.

Amount

Rs. Nil.

Date.

Gentlemen.

Circumstances compels me to solicit from you the payment of my Treasury Note, it being impossible for me to liquidate the demands on me on account of the long delay, although I am paying twelve p^r Cent for money to finish the building I commenced when I applyed for my money.

Your humble Servant

[Sig^d] W. Taylor.

Pensioned D^r M^r Sap^t

Sa 81. Oot. Sohos Hill.

Bangalore.

[True Copy.]

Secretary, Govt. Savings Bank.

No. 549

Fort Saint George
Govt Savings Bank
23d September 1862

From,

J. Mackey Esqre.
Secretary, Government Savings Bank

To.

T. Pycroft Esqre.
Chief Secretary to Government.
Fort St George

Sir,

The papers quoted here & the correspondence connected with the defalcation in the Govt Savings Bank are with the Office.

Referring to my letter No 363 dated 19th July 1862. in which I reported the fraudulent discharge of Serjeant Taylor's Bonds transferable 4 per Cent Treasury Note for Rupees 1500, I have now the honor to submit copy of a letter received from the said Serjeant on this subject asking for payment, as he is compelled to borrow money at 12 per Cent to fulfil his engagements.

2 The amount due is, Say, Principal 1500-0-0

Interest from 1st September 1859 to this date, 23d September 1862 at 4 per Cent 183-10-8

Rs 1683-10-8

9

3. I request sanction may be obtained to paying the above Sum, writing off the amount to "Profit and Loss".—

4. This Sum, I believe, can be met from Savings under "F. O. Miscellaneous" on account of allowances to Junior Civil Servants attached to the College, or from the Saving of £400 on account of Ball and Supper on Her Majesty's birthday.

I have the honor to be

Sir

Your Most Obedient Servt.

Secretary.

Finance
192

Read Reports of Mr. Paul Mairet
Clerk in certain shares
transmitted with Mr Sprot's Savings

Under Treasury — 11 October 1862 No. 718
To Hon Robert Mc Ellister Esq.

Submits Estimate of Expenditure for
Public Services of Province
Estimate of money
Public Accounts of Province
misapplication of by Mr
late Actuary & Auditors
Savings Banks in Province
Report of Commissioners
Report of Auditor
Report of Actuary
Report of Auditor

Fin 1862 Dept
From Cons 11th Oct 62
T. Mackay Esqre.
Secy. for Savings' Banks.

To.
T. Pycroft Esqre.
Chief Secty Government.

Dated 23d
Recd. 24th September 1862

No 579

No 761

Enclosure one.

Submits Copy of a letter from Revd Dr McSeyp Taylor, and requests Sanction may be obtained for payment of Rupees 1883 - 10 - 8, the amount of his Gratuity & Allowance to him, with Interest

27 — 8

explained in the Report and discloses great [illegible] that the system of account & check in the Govt Savings Bank at the time Mr Clarke was Actuary was extremely imperfect, and that the supervision exercised over the Actuary by the then Secretary and Directors was most inadequate.-

2 Mr Ellis has recommended in paras 8, 9, 16, 17, 18 &

Reference to Supt Clerk - Mr Greene's Statement is reasonable - But it never can be less - to test - the Cashier with Bank Clerk delay

Supt Clerk

of the report

23.- That the sums embezzled by Mr Clarke, should be repaid by the Govt:-

The Govt concur in this recommendation and resolve to refer the Mr Ellis' report to the Acty Accountant General with a direction to that effect suggesting in what manner this repayment should be made, & the under what heading of the Budget this disbursement should be debited.-

4/ The 2nd point noticed in Mr Ellis' report is the extent to which the subordinate officials employed in the Post Savings Banks were cognizant of the frauds practised by the late Actuary.- From the facts elicited there can be little doubt that the malpractices of the late Mr Clark were, for a considerable time previous to his death, when from certain papers found in his desk the defalcations were discovered, known generally in the office - and it is disgraceful to all the

employed that no single
~~the~~ public servant should
have come forward to
make known these frauds.

5 The employés noted marginally are those who, from their position in the Savings Bank and from certain irregularities existing in the accounts were best able to discover the ~~malpractices~~ course of embezzlement followed ~~practised~~ by the late Actuary. Mr Ellis has recommended that Mootoosawamy Moodelair the head accountant should be dismissed, and that the others should be degraded to situations of smaller emolument those Mr Ellis may

Mootoosawamy Moodelair
Head accountant

C. Narrainsawmy Moodelair
Apprizant accountant

C. Visvanadhen
Ledger Porter

and J. Ghaticambilla
Sheroff.-

ried ~~by them and that~~ and
~~xxx~~ be transferred to
some other department.
6/ The Govt resolve to dismiss
all the individuals above
named. The removal
to posts of lower emolument
that would be, in the
opinion of the Government,
a punishment inadequate
to the ~~practices committed~~ grave dereliction of duty
by them of which they have been guilty.
It is impossible that these
employés can have been
ignorant of what the
embezzled funds that
were practised; they themselves
were parties to these frauds
to a certain extent inas-

much as they committed
irregularities in entries in
the Bank accounts, and
in the ~~xxxxxxxxxx~~ the disbursement of money
~~Money xxx xxxxxxx~~, which
could leave no other
object than the perpetration
and ~~xxxxx~~ these frauds could not
if found, ~~xxxx~~ have succeeded. The Govt
refuse to cannot admit as any
excuse for such conduct
that ~~these~~ public servants
~~xxxx xxxx~~ were acting
under the direction of
their superior the Attorney
With such clear indication
of a system of embezzlement
which prevailed, it was
their clear duty to have
brought these matters

(12)

to the notice of the Secretary of the Bank.

7. The Govt sanction the course recommended by Mr Ellis in para 6 of his report.

Mr Mangles will be appointed a Joint Comr with Mr Ellis as for the purpose of reporting upon the system which prevailed while Mr Clark was actuary, and upon the checks which have been introduced recently by the Directors of the Bank & upon any further alterations which may be necessary.—

Mr Ellis will also request the assistance of Mr Norton for the purpose stated in para 6.

WEL

JP.

To the Ag. Dr Aud & Rec Genl with the Treasr's Savings Bank Dispatch 11/10/62

Govt Savings Bank

C & Acct Rep.

Encl to Lr to Treasy 25 Sept 1863

12 Letter only.

27C

Memo:

I circulate a report drawn up by Mr Ellis of the results of his late inquiries — prosecuted under Order of Govt. 26 August last — into the defalcations in the Savings Bank committed by the late Actuary, Mr Clark

2. This Report is so full and clear that I see nothing in it to add to, or remark on.

3. Orders are requested on Mr Ellis' recommendations for the sums or securities embezzled being made good to the parties, and for the amount which Govt will have lost being written off to profit and loss — on his proposals regarding the Savings Bank servants — and on the application in

WEL

No of Bank Books. 4497.

Mrs Conroy	2365. 3. 6.	
	1945. 3. 6.	
Lieutt Gascoigne	1916. 2. 6.	
Private Farmer.	411. 8. .	
	2065. 11. .	
	3477. 5. .	
	1748. 4. 6.	
	1720. 1. 6.	
Dr Mr W. Taylor	1605 . . .	
Serjeant Fowler.	2520. 15. 1.	
Three Privates H.M.s 13th Regt	725. 6. 6.	

Paras 8. 9. 14. 17. 18. 23.

John Lowe Esq. with

Will

Paras 37. 45.

I would distribute the amounts - named by Mr Ellis - to the parties to whom it is now to be paid

WEL

in the last para of the
Report, that Mr Maugles
the Acting Accountant
General be associated with
him as a Joint Commis-
sioner for the purpose of
investigating and reporting
whether the system as now
followed in the Bank
affords sufficient security
against fraud and if
not what further checks
are necessary; and for
the assistance of Mr Norton
on that duty.—

Finl 1862 Department

№ 718

Proceedings of Govt
Dated 11th October 1862

Defalcations in the
Savings Bank

27728

C.30 Sch
193 C.N