M.R.O. 1—77,006—8-6-37.

(1) Number of pages 28

(2) Date of repair 11-9-38

(3) Initials of the Referencer G

MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

G.O. No.	63	Press / Mis.
12-15.		
Dated	10-2-	1868.

13-15 14/15

Not to be folded or roughly handled

Proceedings of the Madras Government, Financial Department,
10th February 1868.

Read the following papers :—

No. 13. From H. G. SMITH, Esq., Collector of Cuddapah, to the Chief Secretary to Government, Fort Saint George ; dated Cuddapah, 12th December 1867, No. 43.

It is with great regret that I have to inform you that the defalcation in the Treasury is so great that I have no alternative but to prosecute Mr. Deputy Collector Ward under Section 463 of the Penal Code.

From T. G. WARD, Esq., Deputy Collector of Cuddapah, to the Private Secretary to the Right Honorable the Governor in Council, Fort Saint George; dated Cuddapah, 12th December 1867.

I am compelled to crave the protection of His Lordship the Governor in Council against the arbitrary and illegal proceedings of the Collector and Magistrate of Cuddapah, taken with reference to the recent discovery of frauds committed in the Revenue Treasuries of this District, and in doing so all I ask is that justice may be dealt to a servant who has faithfully served the Government for 35 years.

2. I beg to state briefly, for the information of His Lordship in Council, the circumstances which have induced me to take this step.

3. On Friday evening, the 29th November, the English Head Accountant informed me, at my house, that he had received information from two English Accountants that, from certain circumstances which had come to their knowledge, they believed that Jahgirdar Subbarow, 1st Vernacular Accountant in my office, would, on receipt of the Taluq Accounts for November 1867, attempt to falsify some of the Accounts, either with a view to commit fraud or to prevent the detection of fraud already committed, by the improper withdrawal of money from the Taluq Treasuries, and that it was also likely that several frauds had been previously committed.

4. On attending office on the following day, I ascertained that two orders to which my signature had been surreptitiously obtained by the Vernacular Accountant had been despatched in November to the Tahsildars of Cuddapah and Pullempett, directing the transfer of Rupees 600 from the Judicial deposits of the former to the latter Taluq. These orders were, without the sanction of the Civil Judge, *per se* irregular, but to conceal the irregularity the orders were recorded by the Vernacular Accountant in the Office book, so as to mislead the reader. Meanwhile, the accounts from several Taluqs had been received, and in the usual course of business handed to the Vernacular Accountant. It was reported to me in the evening, on my return from the Treasury, which I had gone to examine, that several Taluq accounts had been apparently improperly altered by the Vernacular Accountant; large sums which had been originally credited to Government as Magisterial fines appeared under Deposits as remitted by the Moonsiffs; and the improper transfer in the Cuddapah and Pullempett accounts was so altered that in the former account the amount appeared as actually paid to the District Moonsiff (whose receipt was also forged), and in the latter account the amount was shown as remitted by the Local District Moonsiff. On the following day, Sunday, I waited upon the Collector, and reported that the 1st Vernacular Accountant had falsified the accounts, and that there was reason to believe that either fraud had been attempted or committed. At my request, the 1st Vernacular Accountant was immediately suspended by the Collector. During the course of an inquiry held on Sunday, Monday, and Tuesday, sufficient evidence was procured to show that the 1st Vernacular Accountant was guilty of cheating and forgery, and on Tuesday night I applied to the Town Sub-Magistrate for the apprehension and confinement of the 1st Vernacular Accountant. The Town Sub-Magistrate accordingly issued his warrant for the Accountant's arrest, after taking depositions from myself and two others, and satisfying himself of his guilt. Meanwhile, the Collector had proceeded to Prodatur, at which Treasury it was also discovered that frauds had been committed. From that station the Collector telegraphed to the Head Assistant Collector, Mr. Hardinge, directing that gentlemen to suspend the Head English Accountant, and to take charge of my books. On Wednesday night, the Collector returned from Prodatur, and on the following morning informed me that I was suspended from my duties.

5 The investigation now in progress has elicited the fact that several sums, amounting in all to about Rupees 10,000, have been, during the course of about three years, and from the time of J. Subbarow's appointment as 1st Vernacular Accountant, withdrawn from the Treasuries by him, on orders to which my signature had been fraudulently obtained. These sums which were paid to Subbarow's agents at the several Treasuries were debited to "deposits", and on the receipt monthly of the accounts from the Taluqs the deposit balances were reimbursed by the transfer of funds from other heads of accounts, principally I believe from Magisterial fines, and the correction of the debit, so as to conceal the actual transaction.

6. These frauds were rendered practicable :—

Firstly, by the extensive vernacular correspondence maintained by me with the Tahsildars, which prevented my perusing every order issued.

Secondly, by the ignorance or connivance of the Taluq Officials, who paid without question large sums of money, ostensibly on account of private remittances made by the Vernacular Accountant, and which remittances, even if *bona fide*, were *per se* irregular, notwithstanding the orders. (These sums were drawn by Taluq Tahsildar, Sheristadars, and Cash Goomastahs, as well as by private parties.)

Thirdly, by the connivance of certain subordinate Vernacular Accountants, whose duty it was to have examined the Taluq accounts and reported to me.

And, lastly, by the Taluq accounts passing through the hands of the 1st Vernacular Accountant, who was thus enabled to falsify the accounts, and to destroy or forge vouchers as it suited his purposes, and by the blind obedience paid by one or two subordinate English Accountants who prepared the deposit registers to the 1st Vernacular Accountant's instructions when the Taluq accounts were concerned.

7. While protesting to me his belief in my integrity, and in the face of the facts elicited by the inquiry into the accounts instituted by Mr. Mackey, Assistant Accountant General, and Deputy Collector Royeppa Pantulu, that the falsifications of the Taluq Accounts were perpetrated by J. Subbarow, and that he alone has benefited by the frauds, Mr. Smith wishes to inflict upon me the degradation of an arrest and prosecution for forgery, notwithstanding the fact that the only documents forged were the Taluq accounts and vouchers, which did not pass through my hands. I do not impute ill feeling to Mr. Smith, but the spirit in which he has taken up the inquiry, from the moment that it was discovered that fraud was actually committed, assuming my complicity from the simple circumstance that the false orders bore my signature, convinces me that I cannot expect fair treatment if the investigation is to be conducted by him. His Lordship in Council may remember the spirit in which Mr. Smith recently acted, when I, as Registrar of Assurances, instituted a civil action against Mr. Smith, the Jailer, to recover certain dues. Mr. Smith not only in an official letter threatened me with an investigation if the claim was not compromised, but also verbally threatened to report me to Government, and it was only after Government had prohibited his further interference that Mr. Smith abstained from pressing me to withdraw the claim.

8. I cannot believe that His Lordship will credit the statement that an Officer of my standing in the Government Service, owing everything to the Government, and depending upon it alone for a provision when age renders me incapable of further service, would, at almost the close of my career, concert with a horde of subordinate Brahmin officials a scheme of petty robbery and forgery, which must have been eventually exposed. But whatever may be the final decision of Government in the matter, Mr. Smith's intended action will be attended with such immediate fearful consequences to me, that I am compelled to place myself under the protection of His Lordship the Governor, in the hope that, in consideration of my hitherto unimpeached integrity, long, and (I trust) faithful services, His Lordship will be pleased to take such measures as he deems proper, which, while eliciting the facts of the fraud, may prevent the oppressive acts contemplated by Mr. Smith.

Proceedings of the Madras Government, Financial Department,
10th February 1868.

No. 14. Proceedings of Government, Revenue Department.

Nominating Mr. Lilly, Acting Small Cause Court Judge, Madura, to investigate the defalcations that have been detected in the Cuddapah District. } (Dated 28th January 1868, No. 238).

No. 15. ORDER THEREON, 10th February 1868, No. 63.

To be recorded.

(True Extract).

R. S. ELLIS.
Chief Secretary.

Exd J. H. Burns.

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Means for orders.

The undersigned begs to circulate this letter from the Collector of Cuddapah in connection of the Memorial sent to H. C by the Governor by M. Deputy Collector Ward.

The Government can kindly interfere in

matter without any
report from the Collector
as to the steps he
has taken regarding
the defalcation in
the Treasury.
The Collector has in
the interim communicated
to the U.S. Attorney
called upon him to
report the action

he has taken in
W. Wards case.

Defalcation in
Cuddapah Treasury

For orders

C/16 Dec.
1867.

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No 43. Cuddapah Collectors Office
12th December 1867.

From H G Smith Esqre
Collector of Cuddapah

To
The Honorable R S Ellis C.B.
Chief Secretary to Government
Fort St George

Sir

It is with great regret that I have to inform you that the defalcation in the Treasury is so great that I have no alternative, but to prosecute Wm Deputy Collector Ward under Section 463 of the Penal Code.

I have the honor to be
Sir
Your most Obedient Servt.
H G Smith
Collector

Cuddapah Dt 12 Dec

Memo for orders.

The Accountant General has sent his deputy Mr. Mackay to Cuddapah to enquire into the defalcation in the Treasury. & we have no report from the Collector except a brief Telegram announcing that there was a defalcation. It may be sufficient to refer this Petn to the Collector for report as to the steps taken by him in respect of the deputy Collr. Mr. Ward.

RSE

yes. N.

W. Ste

WDL

Telegram from the Collector 17.12.69

Collr. Cuddapah 16th Dec. 1869
Treasurer of Estate
Com. on Collection
Cuddapah
Sir
I have the honor to inform you that the Chief Accountant to Government has left Cuddapah for Saint George on the 12th December 1869
Received 19-12-69
Sd/ [illegible]
Treasurer of Estate

Sir
I have the honor to inform you that the undersigned has left Cuddapah for Saint George on the 12th December 1869 to prosecute the Head Office Deputy Collector under Section 463 of the Penal Code on account of the defalcation in the Treasury.

were without the sanction of the Civil Judge

Cuddapah
12th December 1867

To
The Private Secretary to His Lordship
the Governor in Council
Madras

Sir

I am compelled to crave the protection of His Lordship the Governor in Council against the arbitrary and illegal proceedings of the Collector and Magistrate of Cuddapah taken with reference to the recent discovery of frauds committed in the Revenue Treasuries of this District and in doing so all I ask is that justice may be dealt to a servant who has faithfully served the Government for 35 years.

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On attending Office on the following day I ascertained that two orders to which my signature had been surreptitiously obtained by the Vernacular Accountant had been despatched in November to the Tahsildars of Cuddapah and Cullumpett, directing the transfer of Rs 600 from the Judicial Deposits of the former to the latter Taluq. These orders

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amount was shown as remitted by the Local District Munsiff. On the following day, Sunday, I waited upon the Collector and reported that the 1st Vernacular Accountant had falsified the accounts, and that there was reason to believe that either fraud had been attempted or committed. At my request the 1st Vernacular Accountant was immediately suspended by the Collector. During the course of an enquiry held on Sunday, Monday and Tuesday, sufficient evidence was procured to show that the 1st Vernacular Accountant was guilty of cheating and forgery, and on Tuesday night I applied to the Town Sub Magistrate for the apprehension and confinement of the 1st Vernacular Accountant. The Town Sub. Magistrate accordingly issued his warrant for the Accountants arrest, after taking depositions from myself and two others, and satisfying himself of his guilt. Meanwhile the Collector had proceeded to Pondatur of the former to the latter Taluq. There on Wednesday night the Collector returned from Pondatur, and on the following morning informed me that I was suspended from my duties.

The investigation now in progress has elicited the fact that several sums, amounting in all to about Rs. 10,000. have been during the course of about three years, and from the time of Subbarow's appointment as 1st Vernacular Accountant, withdrawn from the Treasuries by him, on orders to which my signature had been fraudulently obtained. These sums which were paid to Subbarow's agents at the several Treasuries were debited to "Deposits" and on the

receipt monthly of the Accountants from the Taluqs the Deposit balances were reinstated by the transfer of funds from other heads of accounts, principally I believe from Magisterial fines, and the correction of the debit, so as to conceal the actual transaction.

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officials a scheme of petty robbery and forgery, which must have been eventually exposed - But whatever may be the final decision of Government in the matter, Mr Smiths intended action, will be attended with such immediate fearful consequences to me, that I am compelled to place myself under the protection of His Lordship the Governor, in the hope that in consideration of my hitherto unimpeached integrety, long and I trust faithful services, His Lordship will be pleased to take such measures as he deems proper, which while eliciting the facts of the fraud, may prevent the oppressive acts contemplated by Mr Smith.

I beg to remain &c.

Sir

Your most Obed.t Servant.

F. J. Ward

of the former to the latter Falmy. These or

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Proceedings of the Madras Government, Revenue Department,
28th January 1868.

Dated 28th January 1868, *No.* 238.

No. 482.

Miscellaneous.

1. His Excellency the Governor in Council having had under consideration the expediency of appointing an Officer specially to investigate the defalcations that have been detected in the Cuddapah [illegible] to nominate Mr. Lilly, Acting Small Cause Court Judge in Madura, to this special duty, and directs that he will proceed to Cuddapah and enter on the necessary inquiry with as little delay as possible.

2. Mr. Lilly will, for the purposes of this inquiry, exercise in the Cuddapah District powers co-ordinate with those of a Sub-Collector and Joint Magistrate, and will draw a special allowance equal in amount to the deputation allowance received by him while Acting in the Madura Small Cause Court.

3. The Accountant General will communicate to him all the information already elicited on the subject of the frauds, and will instruct his Assistant, Mr. Mackay, and the Clerk who have been despatched to Cuddapah from his Office, to place their services at Mr. Lilly's disposal for such purposes connected with the inquiry as he may desire. They will at the same time continue their examination of the accounts to establish what frauds have been perpetrated.

4. Mr. Lilly will associate himself with this part of the inquiry, and will also devote himself to tracing out the authors of the frauds, and bringing their guilt home to them.

5. Should evidence to establish criminal charges be forthcoming, he will be at liberty to dispose of such charges either Magisterially, or by committal to the Sessions Court. When such evidence may not be obtained, or when for other reasons he deems it preferable to adopt a different course, he will submit his proposals to Government, through the Board of Revenue.

6. The Government look to the Collector of Cuddapah to ensure to Mr. Lilly all the assistance and facilities that he may require for the effective and thorough prosecution of this inquiry.

(True Extract.)

Secretary to Government.

To W. S. Lilly, Esq.
,, the Accountant General.
,, the Revenue Board.
,, the Collector of Cuddapah.
,, the Civil and Session Judge of Cuddapah.
,, the Financial Department.

Exd. S. T. Augustin.

Rect of 11 Feby

Fort 1868 Dept.
Pros. of Tely.
Pros. Govt. Rev. Dept.
No 238.

3/28 Lany.
Rd 5 Feby. 3/3 1868.

G.G. No 53

Nominating
M. Lilly, Ag. Small Cause
Court Judge, Madura,
to investigate the defalca-
tions that have been
detected in the Cuddapah
District.

Read Nos. 605, 606 & 55
10 February 1868 No 63.
Recorded.