M.R.O. 1—30,000—16-10-29.

MADRAS RECORD OFFICE.

Government of Madras.

Judicial DEPARTMENT.

G.O. No. 1564 Press ~~Mis.~~

255-257

Dated 29.9.1863. ~~11~~.

a/9

Not to be folded or roughly handled

Read the following papers:—

No. 255. From W. ROBINSON, Esq., Inspector General of Madras Police; to A. J. ARBUTHNOT, Esq., Chief Secretary to Government, Fort Saint George, dated Kotegheri, 16th September 1863, No. 2,462.

I have the honor to submit a report by the Deputy Inspector General of the Range on the deficiency in the Cash Chest under the charge of the Paymaster at Cannanore.

2. The Deputy Inspector General proceeded to Cannanore and remained there for some time. He has been cordially aided by the Magistrate, Superintendent, and all parties interested.

3. Every exertion has failed to fix guilt on any special party.

4. But the result of this inquiry has been to acquit, I think, with reason, the Military Guard of having robbed the Cash Chest. There is no reasonable ground for believing they did or could have done so. The more the matter is sifted, the more does the high improbability, if not impossibility, of this position become apparent. The real perpetrators of the crime naturally pressed this apparent possibility of crime upon people's minds, to divert attention from themselves. They were enabled to gain for it some credence at first.

5. The only persons then who could have committed this grave crime are the Paymaster's own establishment. It could not have been committed without the full complicity and participation of its principal members: some of the underlings must have aided their principals and know all about it.

6. A peon on the establishment made some partial admissions to one of the Magistrate's Munshees, which promised to throw some light in the right direction. He implicated the principal Officers of the establishment; but he retracted his statement when brought into contact with European Officers. The amount abstracted is large enough to buy silence; and as yet workable information is not forthcoming.

7. The Officers employed in detecting this case have not been able to arrive at a distinct opinion as to how and when the abstraction of so large a sum was effected.

8. The parties responsible for the deficiency are the office establishment. Their sureties should be required to pay up the amount of security, and every one connected with the Cash Department of that office should be immediately removed.

9. These steps, further activity of the Police and Magistracy, and the offer of a reward of 1,000 Rupees, and free pardon to any minor agent who may give information which may lead to conviction—which I have recommended the Magistrate to apply for—will, in time, I believe, produce a useful clue.

CANNANORE PAY OFFICE DEFICIENCY.

1. Captain Douglas states, that on the evening of the 30th June, he examined the Civil Cash Chest, and found a deficiency of Rupees 12,000, as compared with the balance shown in the Cash book.

2. The last inspection, previous to this, took place on the 6th June, when the contents of the Cash Chest were found, it is asserted, to be correct.

3. Captain Douglas gave no previous warning "he states" to the Cash-keeper, of his intention to inspect on the 6th June, so that there would have been no opportunity to put back money, if any had been previously abstracted; the inspection was a sudden idea of Captain Douglas' acted on in consequence of a large remittance (Rupees 53,000) having been received from Calicut a day or two previously. The opportunity for counting the contents of the Cash Chest was considered a favorable one in consequence. The contents of the chest were counted and found correct, it is alleged, before the remittance from Calicut was deposited therein. The remittance consisted of 500 Rupees bags only.

4. Captain Douglas assumed charge of the Pay Office from Captain Magrath on 31st March, the cash was then counted and found correct.

5. No fixed periods are laid down for inspections. Captain Douglas generally inspects once a month; he has had four inspections from date of assuming charge to date of discovery, of deficiency. The inspection on the 6th June was, Captain Douglas says, minute; the actual cash however

was neither counted, or weighed; the bags were merely told over—correctness of contents being taken for granted. It is only usual on inspections to count the bags.

N. B.—Captain Douglas seems to think that if the 12,000 Rupees deficiency is to be attributed to an embezzlement on the part of the Pay Office people, that they might possibly have obtained an opportunity then, or before this remittance was counted, and put into the chest. He does not think that the chest would have been easy; but imagines it more probable than any of the ways by which I have endeavoured to account for the deficiency, barring theft by the Guard.

6. Prior to receipt of remittance from Calicut, the Rupees were all in one thousand Rupee bags, the Calicut remittance however being in five hundred Rupee bags, it followed that on and after that date, there were two descriptions of bags in the chest.

7. Captain Douglas can't state positively whether the deficiency occurred in the thousand Rupee, or whether in the five hundred Rupee bags, or how many of each kind were taken away.

8. Between the 6th and 30th June the Cash Chest was opened nearly every day, the expenditure between these dates was Rupees 45,677.

9. Captain Douglas keeps two keys, and the Cash-keeper one key; Captain Douglas thus describes the way in which the disbursements of coin are carried on: "When I come in the morning, if there are any large payments to be made, I take the estimated amount required from the Cash Chest, and make it over to the Cash-keeper and Shroffs; they make the required payments. These payments are made on cheques initiated by me; in the evening, if there is any balance it is counted, checked by the vouchers, and deposited in the Cash Chest; after which the Cash Chest is locked up, and sealed."

10. The Cash Chests, that is, the Military, Civil, and Copper chests are kept in a small and rather dark room, situated some little distance from Captain Douglas' own room; to go to it you have to pass through the Clerks' sitting room.

11. The Cash Chest has three locks; Captain Douglas keeps two keys, and the Cash-keeper one key; the former, Captain Douglas declares, never leave his own possession.

12. When it is necessary to open the Cash Chest, Captain Douglas is himself always present. The Military Sentry is also invariably present when the Cash Chest is opened.

There can be no doubt about this as to Captain Douglas' actual presence.

13. As I wished to see how the inspection of the Cash Chest was managed, I asked Captain Douglas to go through the operation, as ordinarily conducted. On this occasion the two peons and Acting Cash-keeper were present—the bags were taken out one by one, and laid upon the floor by one of the peons, the Cash-keeper calling out the numbers as the operation proceeded. After all the bags had been taken out, the number of Rupees in one of the bags was multiplied by the number of bags, and the result corresponded with the Cash book. The bags were then put back and counted over again, I understood Captain Douglas to say that this was what he chiefly relied on.

14. The Cash Chest usually contains from a lac to a lac and a half of Rupees, and the bags when all taken out, cover all the available space between the Civil Cash Chest, and the large Copper chest opposite to it. It struck me that it would be possible for the peon who places the bags on the ground, without moving a foot from his standing place, to secrete a bag or two between the end wall and large Copper chest without being observed, unless of course the eyes of the Paymaster were intently fixed on the peon's proceedings. Once under cover of the chest, the bags would be safe from the observation of the Sentry, and might remain there, till they could be conveniently transferred to the Military chest, *pro tem.*, the key of which is kept by the Cash-keeper. I do not say that this arrangement would be easy, I simply think it practicable. The first thing to do, would be to deceive the Paymaster as to the number of bags returned into the chest, and the feasibility of this would all depend on the degree of attention bestowed by the Paymaster on what was going on. If he followed the Cash-keeper in counting the bags, a trick of the kind suggested would be impossible; moreover, *supposing* the contents of the chest to have been correct on the 6th June, I think the hypothetical case above described could not be carried out, because it would involve secret disposal of 12 bags in one inspection.* It is true that the chest was opened nearly every day, but on these occasions only actual requirements of the day were taken out, and there would'nt have been sufficient scope for the trickery I have suggested.

* *i. e.*, The inspection on the 6th.

15. Substitution of Copper for Silver seems a possible way of accounting for the deficiency. It has been broadly stated that this is impossible, (1) because the Copper is kept in a different chest, and its transference from one chest to another would be impossible; (2) that the Copper is kept in a different description of bag; (3) that if the cheat were attempted, the color—or rather difference of—would strike the eye, through the canvas bag, and (4) that when the Copper bag was put on the floor by the peon, the sound would expose the cheat.

16. The fact is, none of these objections are very formidable; the first is apparently the most difficult, viz., getting the Copper into the Silver chest. The Shroff would probably be able to explain this better than I can, but one way occurs to me:—The Cash-keeper has entire control of Military Cash Chest, and as he keeps the key, can open it when he likes; there is always Copper in this chest, and he might manage to have any amount he required in it, ready for his purpose.

N. B—Captain Douglas says he generally takes the Cash-keeper's word for the amount required to meet daily requirements, and that large sums have to be returned occasionally to the chest in the evening.

At the end of each day a certain sum from the amount given out in the morning is put back in the Civil Cash Chest, it may be a large or small sum, I understand that a large sum like Rupees 500 would'nt be counted, because it would be in a bag *supposed* to have been unopened. Copper, it occurs to me, might be substituted on this occasion, without the Paymaster being the wiser.

17. It is quite possible too, that embezzlement may have gone on from day to day, without the Paymaster discovering them. I at first thought that this would be impossible, as an audit of the accounts would expose this mode of peculation; but on reconsideration, it occurs to me that the ingenuity of a clever Shroff or Cash-keeper would triumph over such a difficulty. A certain sum is given out day by day to meet probable requirements. Payments are made on Cheques. In the evening* the Paymaster examines the entries in the Cash book with the vouchers or Cheques. The Cash-keeper reads out the latter, and the Paymaster checks each item entered in the Cash book by them. Why could'nt the Cash-keeper make an incorrect entry in his cash book and read out a cheque (falsely) to conform thereto? After satisfying the Paymaster, the Cash-keeper has merely to alter the false item in the Cash book to the correct amount, to make his accounts agree with the Cheques, or vouchers.

* Or the next day, if he is pressed for time.

18. I have examined the Cash book for June, and though I can detect no erasures with a penknife, the possibility of changing one figure into another still appears possible to me, particularly as I observe that some figures are much thicker than others.

19. If however, it is believed, that the cash was correct on the 6th June *after* the Calicut remittance was lodged in the chest, it is very difficult to bring forward this view with any show of reason to account for a deficiency of Rupees 12,000, for this sum would all have to be embezzled in the manner described in 24 days, out of a sum of Rupees 45,677; not impossible perhaps, but very difficult.

20. The easiest solution of the matter is that the Military Guard picked the locks and walked off with the money on some night between the 6th and 30th June. There is a little difficulty however in accepting this view, viz., that the locks and seals were intact, and the chest showed no appearance of having been tampered with either on or before the 30th June, the day on which the discovery of deficiency was made.

21. The Court of Enquiry have however adopted this view, but on what grounds, I am at a loss to perceive.

22. There are two circumstances which give a coloring of plausibility to this view, the first is this: Captain Douglas says, "on the 8th April I had a duplicate key made for the Civil Cash Chest, in consequence of the old one being broken. This was the only opportunity any one had of taking an impression of any of the keys, which as before stated, never left my possession."

23. Captain Douglas informs me that this key (the key of the centre lock) was broken, or damaged by himself, whilst endeavouring to unlock the Cash Chest, and that he had the lock taken off and a new key made by a Blacksmith belonging to the Mission establishment. Certainly

an opportunity was thus afforded for the manufacture of a duplicate key, but there would still remain the difficulty of the other two keys to be got over. A theft on the part of the Sepoys of the Guard, pre-supposes the smuggling in of a Blacksmith on more than one occasion (for he would have to inspect the locks* before he could make keys for them) and when we consider the time necessary for the successful carrying out of a scheme of the kind, the almost certainty of some marks of the proceeding being left behind, and the unlikelihood of a body of Sepoys banding together to commit such an act, I cannot but think that this idea more difficult to credit than any other.

* 2 Brahma locks.
1 ordinary padlock.

24. The other suspicious circumstance dweit upon by the Court of Enquiry is, that a window of the Cash Chest room was found open on the morning of the 8th June. A Sentry is however always in the room, and it would have been far easier for a Blacksmith, or the actual thief, to have entered by the door fronting the sea, supposing as we must do, in either case, that the Sentry was conniving. The window was, probably blown open by the wind, and no notice was taken of the occurrence at the time.

25. The Superintendent of Police carefully examined the duty roster, but could find no evidence of packing, or of any particular individual having been on guard out of turn, nor has any suspicious circumstance come to light to throw suspicion on the guard, though they have been closely watched. A more likely conceivable hypothesis of a theft is I think this, that one or more of the Pay Office subordinates bribed the Sentry who was on duty in the cash room, and having prepared themselves with two false keys, entered quietly at night with connivance of Sentry, opened the Cash Chest, and took out the bags, subsequently making every thing in *statu quo*, prior to departure.

26. The Pay Office subordinates would be far better able to arrange this than the Guard could possibly be, and they would be more '*au fait*,' at removing and replacing seals without discovery.

27. I should mention that there are three Sentries, and it would be very difficult, nay, impossible, for the carriers of 12 bags of Rupees to steal away without observation.

28. Every conceivable hypothesis is met by great difficulties, but gradual embezzlement, either by the substitution of Copper for Silver, or by altering the Cash book as suggested in paragraph 17, or by both methods, appears to me to be the most probable. I can hardly bring myself to believe that the cash was correct on the 6th June.

29. I cannot say that anything has as yet transpired to direct strong suspicion towards any of the Pay Office people.

30. A confession *said* to have been made by one of the Pay Office peons as to mode of embezzlement, was told to me, and if the peon had repeated his statement, I should have had little difficulty in arriving at great results; but he now totally ignores what he is *said* to have related, and I am constrained to doubt his ever having made such a statement, though I think it probable enough that he could enlighten us if he chose.

Sent by the Shroff, and taken by an Artillery Driver.

31. Two, at first sight, suspicious circumstances came to light. On one occasion a bag too much was sent away from the Pay Office, and on another occasion, a bag too little. The latter is of no moment, it occurred moreover subsequent to the discovery of the deficiency: the former at first looked very suspicious, it was said, by two Artillery Serjeants, to have occurred on 13th April 1863, and on that occasion the Pay Office Shroff went to the Barracks to get the money back. It was proved however that the Shroff was not in the Pay Office from February to July 1863 and enquiry ultimately established the fact to have occurred in September or October 1862. The Shroff accounted for the mistake, but there is a wide difference between his story and that of the Serjeants, as to the *contents* of the bags. *He* says it contained Copper with two or three Rupees perhaps in Silver; they say the bag contained 200 or 300 Rupees, with perhaps a Rupee or two of copper mixed up with them. At any rate the circumstance cannot be brought to bear on the present case, as the Cash Chest went through several inspections since September 1862.

32. Some other slight clues were thought to have been obtained, but they have been proved to be of no consequence, and the efforts of the Police, though incessant, have hitherto failed in discovering the perpetrators of the affair. A reward of Rupees 500 has also proved ineffectual. I would beg to suggest that it be increased to 1,000 Rupees, and a free pardon offered to any of the minor performers of the affair who will give the necessary information, &c. I think it possible that something may then be discovered. The secret has hitherto been well kept, but there is no reason why it should always remain so.

33. As *prima facie*, the Pay Office officials are responsible for the deficiency, I have recommended the Joint Magistrate to call upon them for the amount of their security. He agrees with me in the advisability of the proceeding. It is obviously the correct course.

34. The Police are still watching the case, and if any information is hereafter obtained it will be duly communicated.

(Signed) E. L. HANKIN, Captain,
Ag. Dy. Inspr. Genl. of Police, Western Range.

CANNANORE, *5th September* 1863.

No. 256. Proceedings of Government in the Revenue Department, dated 25th September 1863, No. 1,769.

Approving certain suggestions made by the Collector of Malabar in regard to the late defalcation in the Civil Cash Chest of the Paymaster's Office at Cannanore. (Vide Proceedings Revenue Department, dated 25th September 1863, Nos. 337 & 338.)

No. 257. ORDER THEREON, 29th September 1863, No. 1,564.

The Governor in Council sanctions the reward which has been offered* for the detection of the perpetrators of the robbery from the Civil Cash Chest at Cannanore, being raised to Rupees (1,000) one thousand. He also authorizes the Magistrate to offer a free pardon to any one of the minor agents in the perpetration of the crime who will give information leading to the conviction of the principal criminals.

* Proceedings of Government, 28th July, No. 1,210.

2. Orders will be issued in the Financial Department for the suspension of the Cash-keeper, Shroffs, Peons, in fact every subordinate connected with the Cash Department of the Office.

3. It is observed that the reference made by Mr. Ballard should have been made in his capacity as Magistrate, and should have been addressed to Government direct.

(Signed) A. J. ARBUTHNOT,
Chief Secretary.

Hxd. T. O'Connor.

Revenue Department

Proceedings of the Madras Government

Read the following.

No. 5,872.

PROCEEDINGS OF THE BOARD OF REVENUE, dated 16th September 1863.

Read the following letter from G. A. BALLARD, Esq., Collector of Malabar, to W. HUDLESTON, Esq., Secretary to the Board of Revenue, dated Calicut, 10th September 1863, No. 201:—

1. In continuation of my letter of the 20th July last, No. 154, I have the honor to report that Captain Hankin, Deputy Inspector General of Police, has lately been engaged in inquiring into the defalcation in the Civil cash chest at Cannanore.

He has, I believe, reported fully to the Inspector General of Police.

I have personally discussed matters with Captain Hankin, and been favored with notes of his inquiries.

2. Nothing definite, I regret to say, has transpired; but on a review of all that has passed I am strongly of opinion; firstly, that the probabilities are decidedly against the moneys having been taken by the Sepoy guard, or indeed having been taken by any parties in the lump; and secondly, that suspicion, as far as it attaches particularly to any person or persons whilst we have little but the bare fact of the loss of the money, and surmises to go upon, falls on the Cash-keeper, Shroffs, and Peons of the Office.

3. I am aware this was not the conclusion arrived at by the Court of Inquiry. But with all due deference to the opinion of that Court, I must express my own opinion, firstly, that the Court's conclusion that some of the Sepoy guards were the culprits, is not sustained by the evidence recorded before it; and secondly, that the assumption that the Pay Office subordinates were innocent, is equally unsupported and gratuitous.

4. As far as the Sepoys were concerned, a most searching and able inquiry was made by Captain Blomfield without discovering one tittle of evidence, or even raising the faintest tangible suspicion against them.

I feel very sure that if they had been the culprits, Captain Blomfield's inquiries would have brought the matter to light.

5. Although Captain Hankin's inquiry has not fixed tangible suspicion on any of the Pay Office subordinates in particular, it certainly tends to show that the abstraction of money by them was not impossible, even with no want of ordinary care on the part of the Paymaster.

Assuredly native suspicion points most distinctly to the Pay Office subordinates, and although this of course could not in any way be allowed to influence a judicial inquiry, it may in some degree indicate the course that should be pursued from an entirely extra-judicial point of view.

6. Captain Hankin has suggested,

That the offered reward of Rupees 500 be increased to Rupees 1,000;

That a *free* pardon be offered to any one of the minor agents who will give information leading to the conviction of the principal criminals;

That the securities of the Pay Office officials be called upon at once to make good the missing amount to the extent of their security bonds.

7. I quite approve of the two first suggestions.

The only doubt that exists in my mind is whether, as the deficiency is in the Civil Cash chest, the securities furnished in the Military Department of the Pay Office officials are liable; a question which communication with the Military Auditor-General's Office will probably best determine.

The only Civil employe is the Civil Shroff whose proper appointment is 2nd Shroff of the Cherakel Taluk; and whose services were lent to the Pay Office as a temporary accommodation. He was appointed in February last, and I regret to say has not yet furnished security. I am unwilling to take steps with regard to him till the general course of action with regard to the subordinates is determined.

8. In my opinion the Cash-keeper, Shroffs, Peons, in fact every subordinate connected with the Office, should each and all be suspended until further orders.

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1. Submitted for the information of Government, and for such orders as they may think fit to pass.

2. The Board do not understand that the Collector desires instruction from them, or that indeed the matter comes within their province, but the course suggested by the Collector commends itself to the Board's judgment. With reference to the doubt expressed by Mr. Ballard, "Whether, as the deficiency is in the Civil Cash Chest, the securities furnished in the Military Department of the Pay Office officials are liable," the Board would direct the Collector's attention to the Order of Government dated 19th February 1861, No. 386, paragraphs 3 and 7, in which the Government pointed out the wholly faulty arrangement which then seemed to be contemplated of keeping the Civil Cash distinct from the Military, and directed that there should be but one cash chest for all funds and one cash account.

(A true Copy and Extract.)

(Signed) W. HUDLESTON,
Secretary.

To J. D. Sim, Esq., Secretary to Government, R. D.

Copy to C. A. Pollard, Esq., Collector of Malabar.

Exd. J. Wright

Order

1863.

Department.

No.

PROCEEDINGS OF THE BOARD OF REVENUE.

Dated 16th *September* 1863.

Despatched

Received

No. 5,872.

Submitting with remarks letter from the Collector of Malabar, forwarding his views on the late theft of 12,000 Rupees from the Civil Cash Chest at Cannanore.

Order thereon 25 September 1863 No. 1769

1.— Immediate orders will be issued in the Judicial Department to carry into effect the first and second of the suggestions referred to in para: 6 of the Collector's letter.—

vide G.O. 26th July 1863 to 1810 J.D.

2.— Before passing orders on the third suggestion noticed in the same para; the Government require to be furnished with a copy of one of the Security bonds therein referred to.—

3.— The servants specified in para: 8 of Mr. Ballard's letter should be suspended from office until further orders.—

/True Extract/

G. Lee Sec.

Dy. Sect. to Govt.

To The Judicial Department.

Sd. W. H. [illegible]

Judicial Department

92

PROCEEDINGS of the MADRAS GOVERNMENT.

Read the following papers

From the Inspector General of Madras Police — Here enter 16th Sept. 1863 No. 2462

Proceedings of Government in the Revenue Department — " — 25th " — " — 1769

Order thereon 29th Sept. 1863 No. 1564

The Governor in Council sanctions the reward which has been offered for the detection of the perpetrators of the robbery from the Civil Cash Chest at Cannanore, being raised to Rupees (1000) one thousand. He also authorizes the Magistrate to offer a free pardon to any one of the known agents in the perpetration of the crime who will give information leading to the conviction of the principal criminals.

2. Orders will be issued in the Financial Depart-

for

Extract from the Proceedings of the Hon'ble the Governor in Council, Fort St. George, dated 25th September 1863.

Read the following Letter from the Inspector General of Police, dated 16th September 1863, No. 2462.

Read also the following Proceedings of Government, Revenue Department, dated 25th September 1863, No. 1769.

Ordered, that the Reward of Rupees (1000) one thousand, which has been offered for the detection of the perpetrators of the robbery from the Civil Cash Chest at Cannanore, being raised to Rupees (1000) one thousand, be sanctioned, and that the Magistrate be authorized to offer a free pardon to any one of the known agents in the perpetration of the crime who will give information leading to the conviction of the principal criminals.

(True Extract)

(Signed) H. Chamier
Acting Secretary to Government.

No. 1564

Financial Department

Extract from the Proceedings of the Hon'ble the Governor in Council, Fort St. George, dated 29th September 1863.

Read the following Letter from the Inspector General of Police, dated 16th September 1863, No. 2462.

Read also the following Proceedings of Government, Revenue Department, dated 25th September 1863, No. 1769.

Ordered, that the Reward of Rupees (1000) one thousand, which has been offered for the detection of the perpetrators of the robbery from the Civil Cash Chest at Cannanore, being raised to Rupees (1000) one thousand, be sanctioned, and that the Magistrate be authorized to offer a free pardon to any one of the known agents in the perpetration of the crime who will give information leading to the conviction of the principal criminals.

(True Extract)

(Signed) H. Chamier
Acting Secretary to Government.

for the suspension of the Cash-keeper, Shroffs peons, in fact every subordinate connected with the Cash department of the Office.

It is observed that the reference made by Mr. Ballard should have been made in his capacity as Magistrate and should have been addressed to Government direct.

To The Inspector General of Gr. Police
" Magistrate of Malabar.
" Revenue Department.
" Financial Department.
" Board Sycr Lists.

dupd 29

Pro. Sept

Judicial 1863. Department.

No. 1564

PROCEEDINGS of GOVERNMENT.

Fbr 2578.

Dated 29 September 1863

Raising the rewards offered in July last for the detection of the perpetrators of the robbery from the Civil Cash Chest at Cannanore to Rs. 1000.—

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