

der his property, and make the best arrangement he could; that Mr. Swartwout told him in reply, he was confident of being able to raise money in England, by which he could pay his whole debt to the United States as soon as he returned; and he did not think the business would be known before that time.

“In reply to our inquiry as to the time when the abstraction of the public money commenced, he stated that it was about nine months after Mr. Swartwout was appointed collector. He afterwards said he supposed it might have been a year after—that is, in 1830; that, as the amount of [the] defalcation increased, he frequently spoke to Mr. Swartwout on the subject; and *that about four years since it had become so large that he told Mr. Swartwout that unless measures were taken to reduce it, he could not continue in the situation he held.* Mr. Swartwout was, however, confident that the operations in which he was engaged would be so profitable as to make it easy for him to pay off the whole deficiency. This mode of treating the subject Mr. Swartwout continued to persist in to the last, always expressing his belief that he could set matters right.

“In reply to our inquiry as to the mode in which the affair had been conducted, and the amount, Mr. Ogden stated that Mr. Phillips, the assistant cashier, was more fully acquainted with the particulars than himself, but that it commenced by Mr. Swartwout not passing to the credit of the treasurer the whole sums received; that the bonds, being placed in bank, were there collected and passed to the credit of Mr. Swartwout himself; and that the weekly transfers to the treasurer by Mr. Swartwout were usually made on Monday, but did not include the moneys received later than Saturday morning at 10 o'clock; by which means the receipts on bonds due on Saturday and Sunday were embraced in the succeeding week; and thus that amount, which often was \$100,000 or \$200,000, could be kept and used by him; the receipts of the last two days of each week enabling him to make up the previous deficiency, so as to transfer the requisite sum to the treasurer.

“The next mode adopted by Mr. Swartwout was the use of the fund deposited to meet unliquidated duties, which was a large one, amounting frequently to \$150,000 or \$200,000, and was entirely under his control, the deposits being made to Mr. Swartwout’s own credit, and subject to his check. To these he added the use of moneys paid to him on account of the share of the United States in penalties and forfeitures; and he also overdraw the account for fees and emoluments payable to him for himself and the officers of the customs.

“These were, Mr. Ogden stated, in his opinion, the sources from which Mr. Swartwout retained the moneys, and the mode by which he was able to keep his transfer to the treasurer apparently correct; but about the years 1836 and 1837, the deficiency had amounted so high that it became necessary, in