

“ In reply to this question, I would respectfully state that it was not in the power of *this* office to report his defalcation when it *first* occurred, because it never possessed the means of ascertaining it. \* \* \* \*

“ But it is also asked why it was not reported ‘ at the different settlements afterwards, before his term of office expired.’ To this inquiry the same reply might also be made. *This* office had no means of ascertaining the defalcation of Mr. Swartwout at any time prior to the final settlement of his account. ‘ IT COULD AND DID REPORT THE CORRECT BALANCES DUE FROM HIM AT THE DIFFERENT SETTLEMENTS,’ but it had no means of ascertaining that a portion of his balance had been used by him for his private purposes. \* \* \* \*

“ In the case under consideration, *the* [alleged] *embezzlement of the proceeds of the bonds occurred under very peculiar circumstances.* It was at a period of 1837, when, owing to the derangement of commercial affairs, the suspension of specie payments by the banks, then no longer used as agents of the government, etc., *the bonds were returned to the custom-house, and, though due, were not put in suit, the secretary of the treasury having authorized a temporary suspension, which was afterwards extended by congress to nine months, and when six or eight thousand bonds were lying at the custom-house at one time, and when all was in such a state of confusion that,* AS HAS BEEN STATED BY THE AUDITOR OF THE CUSTOM-HOUSE, IT WAS UTTERLY IMPRACTICABLE, EVEN THERE, TO ASCERTAIN, IN MAKING UP THE AMOUNT FOR THE 1ST QUARTER, 1837, THE TRUE CONDITION OF THE BONDS; *and when even at this late day, after a great deal of investigation, it has been found impracticable to identify an amount of these* [alleged] *abstracted bonds exceeding \$30,000.* \* \* \* \*

“ With these facts before us, *it is quite evident that it would have been impracticable for this office, had the system of examining the bond accounts been the most perfect, to have ascertained the* [alleged] *fraud committed by the late collector in the bonds until about the time for rendering his final account.*”

In answer to a letter, dated November 7, 1838, from the secretary of the treasury, “ in relation to the large cash balance reported as in the hands of Samuel Swartwout, on the settlement of his accounts as collector of the port of New York, for the fourth quarter of 1836,” and to a communication, also from the secretary, dated November 19, 1838, inquiring “ why the great [alleged] defalcation of the late collector at New York was so long undiscovered,” J. N. Barker, the comptroller, on December 1, that year, wrote to him the results of certain “ conclusions ” made by him (the comptroller) regarding it.

Having presented them, the comptroller remarks: “ An examination of the case presented by the large cash balance reported against the late collector at New York, on the settlement of his accounts for the fourth quarter of 1836, the subject of your first special inquiry, may illustrate these views.