

whom, *and thus perhaps get hold of a clew to the truth in regard to this mysterious transaction.*

“ Mr. Swartwout positively denies having told Phillips, or any other person, not to enter in the cash-book moneys received on bonds during the first and second quarters of 1837, as testified to by Mr. Phillips before the committee of the house of representatives (doc. 313, pages 370, 371). Mr. Swartwout also denies having received personally from the obligors moneys due on bonds, and also denies that the moneys received on the bonds contained in the list kept by J. Phillips, referred to in doc. h. r. 13, page 54, were paid over to him, as you see by his testimony herewith enclosed.

“ You will see by the letter of Mr. Fleming to Mr. Gilpin, then solicitor of the treasury (doc. 13, page — ), that Phillips at first denied that he had omitted to enter on the cash-book moneys received by him on bonds. This statement Mr. Fleming now corroborates on oath, as you will perceive by an extract from the testimony herewith enclosed. *After Mr. Swartwout sailed for England, Mr. Phillips admitted the reception of the money on the bonds, and the omission to enter the same on the cash-book, but said the omission was in consequence of an order from Swartwout, and that the money was all of it paid over to him.*

“ Now, though you must, in a legal point of view, take his confession altogether, and while you charge him with having received the money, admit that he paid it over, still, if a suit commenced against him for moneys had and received to and for the use of the United States, *you can, as I believe, prove by the obligors of the bonds that they paid the moneys into his hands, and thus compel him [Phillips] to account for it.*

“ He [Phillips] certainly made a false statement when he said to Fleming that all the moneys received on bonds have been entered in the cash-book; and *I have little doubt, from all the circumstances that have come to my knowledge, THAT OGDEN AND PHILLIPS, OR PHILLIPS ALONE, BUT MOST PROBABLY BOTH TOGETHER, HAVE APPROPRIATED TO THEIR OWN USE MOST OF THE MONEY WHICH WAS OMITTED TO BE ENTERED ON THE CASH-BOOK, unless indeed, part of it was applied to electioneering purposes, as some persons strongly suspect.*

“ *It appears to me important that legal proceedings should be forthwith instituted against Ogden and Phillips, or Phillips alone, as may be thought most expedient, for this money; and I would respectfully suggest that you come here for the purpose of making more full inquiry into the circumstances of the case, with a view of satisfying yourself what is best to be done; or that you give the district-attorney, to whom the matter may be safely confided, full discretion and power to act in the premises.*

“ I make this communication individually, as both my colleagues are tempo-