

# Calendar No. 598

69TH CONGRESS }  
1st Session }

SENATE

{ REPORT  
No. 596

## COMMERCIAL UNION ASSURANCE CO. (LTD.)

APRIL 5, (calendar day, APRIL 14), 1926.—Ordered to be printed

Mr. BAYARD, from the Committee on Claims, submitted the following

### REPORT

[To accompany S. 107]

The Committee on Claims, to whom was referred the bill (S. 107) for the relief of the Commercial Assurance Co. (Ltd.), having considered the same, report favorably thereon with the recommendation that the bill do pass with the following amendments:

On page 2, line 15, strike out the word "maturing" and insert the word "matured."

Amend the title so as to read as follows:

A bill for the relief of the Commercial Union Assurance Company, Limited.

The facts in this case disclose that on March 1, 1922, the First National Corporation of Chicago, Ill., placed in registered mail a letter addressed to Fletcher American National Bank at Indianapolis, Ind., containing a number of Federal securities, including those mentioned in the bill; and it appears that the mail pouch containing this piece of registered matter was stolen at Kankakee, Ill., on the morning of March 2, 1922, by persons who were afterwards apprehended and are now serving time in the Federal penitentiary. A part of this registered parcel was afterwards recovered from the thieves, but the securities mentioned in the bill have never been recovered.

It appears from the letter of the Secretary of the Treasury under date of December 22, 1925, to Hon. Rice W. Means, chairman of the Committee on Claims of the Senate, that due notice was promptly given to stop payments on the securities; and, further, that said securities have never been presented for payment.

The safety of the transportation of these securities were insured by the Commercial Union Assurance Co. (Ltd.), and upon proof of the loss the full value of the securities mentioned in the bill was paid by said assurance company to the said First National Corporation on or about the 9th day of November, 1922, and on the same date the

said the First National Corporation assigned all its interest in said securities to the said Commercial Union Assurance Co., with the result that said assurance company becomes by subrogation present owners of said securities.

All of said securities have matured and none of the same having been presented for payment; and the letter of the Secretary of the Treasury, above referred to, shows that the Treasury Department offers no objection to the bill, the terms and wording of which have received the approval of the said department.

The bill contains the usual provision regarding the filing of a bond with the United States in the penal sum of double the amount of the principal of the said certificates of indebtedness and the interest payable thereon.

The facts are fully set forth in the following correspondence from the Secretary of the Treasury, which is appended hereto and made a part of this report.

TREASURY DEPARTMENT,  
Washington, December 22, 1925.

MY DEAR SENATOR: I have received your letter of December 12, 1925, transmitting for report (S. 107) a bill for the relief of the Commercial Union Assurance Co. (Ltd.), Beaver Street, New York, N. Y., on account of the loss, theft, or destruction of  $5\frac{1}{4}$  per cent Treasury certificates of indebtedness Nos. 5496 for \$5,000 and Nos. 651, 669, 671, 22718, and 22720 for \$1,000 each, series TS-1922, issued September 15, 1921, matured September 15, 1922, payable to bearer, with all coupons attached, and  $4\frac{1}{2}$  per cent Treasury certificate of indebtedness No. 3231 for \$5,000, series TS-2-1922, issued November 1, 1921, matured September 15, 1922, payable to bearer, with all coupons attached. Also  $4\frac{3}{4}$  per cent United States Treasury notes Nos. 12645 for \$10,000 and 49177, 49178, 49179, 49180, and 49181 for \$1,000 each, series A-1925, issued February 1, 1922, matured March 15, 1925, payable to bearer, with all coupons attached.

In accordance with your request, there are inclosed herewith copies of papers on file in the department in regard to this case.

As to the merits of the claim the department has no information before it except as contained in the inclosed papers. These show that the securities described above were stolen from the registered mail at Kankakee, Ill., in course of transit from the First National Corporation of Chicago to the Fletcher American Co. of Indianapolis; and that they were insured by the Commercial Union Assurance Co. (Ltd.), which paid the claim and became subrogated to the rights of the original owners.

Therefore, since a considerable time has elapsed since the maturity dates of the certificates and Treasury notes, which are still outstanding according to the department records, this department will interpose no objection to the passage of the above-described bill for the relief of the Commercial Union Assurance Co. (Ltd.).

Your attention is directed to the fact that in the caption of the bill the word "Union" should be inserted after the word "Commercial"; and the word "maturing" in line 15 on page 2 should be changed to "matured," since the Treasury notes referred to therein are now matured.

A copy of this letter is inclosed.

Very truly yours,

A. W. MELLON, *Secretary of the Treasury.*

Hon. RICE W. MEANS,

*Chairman Committee on Claims, United States Senate.*

NEW YORK, July 25, 1924.

FIRST NATIONAL CORPORATION REGISTERED MAIL LOSS.

UNDERSECRETARY OF THE TREASURY,

*Treasury Department, Washington, D. C.*

DEAR SIR: The Commercial Union Assurance Co. (Ltd.), of No. 48 Beaver Street, New York City, has referred to us the matter involving the loss in the

registered mail about two and a half years ago of \$60,500 par value United States Victory and Treasury notes and certificates of indebtedness.

The facts are as follows:

On March 1, 1922, the First National Corporation of Chicago forwarded by registered mail a package, receipt No. 831965, addressed to the Fletcher American National Bank of Indianapolis, Ind., containing the following-described securities: \$15,000 United States Treasury notes,  $4\frac{3}{4}$  per cent, March 15, 1925—one \$10,000, No. 12645, and five \$1,000 each, Nos. 49177, 49178, 49179, 49180, and 49181; \$500 United States Treasury note,  $4\frac{3}{4}$  per cent, March 15, 1925, No. 24412; \$15,000 United States Victory notes,  $4\frac{3}{4}$  per cent, May 20, 1923—\$10,000, No. D-48858, \$5,000, No. B-27342; \$15,000 United States certificates of indebtedness,  $5\frac{1}{4}$  per cent, September 15, 1922—\$5,000 No. 5496; 10 \$1,000 each, Nos. 22718, 22719, 22720, 888, 889, 890, 891, 651, 671, and 669; \$15,000 United States certificates of indebtedness,  $4\frac{1}{2}$  per cent, September 15, 1922—three \$5,000 each, Nos. 3231, 3261, and 3262.

The said package and its contents were never delivered at destination, having been lost or stolen from the mails at Kankakee, Ill., on March 2, 1922, for which offense W. Seager Beaumont, Jesse Chayer, and Oscar Chayer were arrested, convicted, and sentenced May 3, 1922, to the United States Penitentiary at Leavenworth, Kans.

The Victory notes for \$10,000 and \$5,000 had been sold by the thieves to C. F. Childs & Co., of Chicago, on or about March 10, 1922, and the proceeds were deposited in the Sixty-third and Halsted State Savings Bank, Chicago, and by court order subsequently were paid over to the United States post office. On or about October 26, 1922, the Commercial Union Assurance Co. (Ltd.) (which had insured the securities and paid the loss) received from the United States Post Office Department a check for \$16,291.21, representing the proceeds of these two Victory notes.

In addition to this recovery, the Post Office authorities were successful in recovering the following securities, which were delivered to the Commercial Union Assurance Co. (Ltd.) through the New York postmaster on or about October 11, 1922: United States certificates of indebtedness,  $5\frac{1}{4}$  per cent, September 15, 1922, for \$1,000 each, Nos. 888, 889, 890, and 891; United States certificates of indebtedness,  $4\frac{1}{2}$  per cent, September 15, 1922, for \$5,000 each, Nos. 3261 and 3262.

These recovered certificates were thereupon presented to the Federal Reserve Bank of New York by Messrs. Harvey Fisk & Sons on behalf of the Commercial Union Assurance Co. (Ltd.), and considerable negotiations were had at the time relative to the release of the stop-payment entry against them. Mr. Lecraw, the attorney in fact of the Commercial Union Assurance Co. (Ltd.), filed an affidavit with the Treasury Department at the time and also an assignment from the First National Corporation to the Commercial Union Assurance Co. (Ltd.). Copies of this affidavit and assignment are inclosed herewith, and we trust that you will be able to locate the originals in your files.

The question which now arises is whether it is possible to obtain relief on the remaining securities, which are as follows: \$15,000 United States Treasury notes,  $4\frac{3}{4}$  per cent, March 15, 1925—one \$10,000, No. 12645, and five \$1,000 each, Nos. 49177, 49178, 49179, 49180, and 49181; \$500 United States Treasury note,  $4\frac{3}{4}$  per cent, March 15, 1925, No. 24412; \$11,000 United States certificates of indebtedness,  $5\frac{1}{4}$  per cent, September 15, 1922—\$5,000, No. 5496; six \$1,000 each, Nos. 22718, 22719, 22720, 651, 671, and 669; \$5,000 United States certificates of indebtedness,  $4\frac{1}{2}$  per cent, September 15, 1922, No. 3231.

We are advised by the Post Office Department that at the time of Beaumont's arrest he stated to the inspector that securities in the amount of about \$30,000 or more had been destroyed. The story was that the bulk of these securities had been placed in the hollow of a board about 6 inches wide, which had first been hollowed out by sawing; that after fitting the bonds and securities in the hollow space two other boards of like dimensions had been nailed to each side of the board with the hollow space. Beaumont stated further that he had intended to nail the three joined boards into a corner of a chicken coop located upon his stepfather's property, but that when he was ready to do this he found the nailed boards too long and proceeded to cut off one end. However, after sawing through the three thicknesses of board he discovered that he had sawed through the securities, which rendered them useless, and that he was then forced to destroy the same by burning them in the furnace of the house in which he was then living.

We are simply presenting these facts of destruction to you for your consideration. We understand that under the present rules and regulations the Treasury

Department is not authorized to make payment of such certificates of indebtedness and Treasury notes unless absolute proof of their destruction can be furnished.

If the Treasury Department feels that it can not act on this evidence of destruction, we would appreciate your advising us whether there is any objection to the introduction of bills at the next session of Congress for the payment of the amount of the certificates of indebtedness under proper bonds of indemnity. You will note that there are \$11,000  $5\frac{1}{4}$  per cent certificates of indebtedness due September 15, 1922, and \$5,000 United States  $4\frac{1}{2}$  per cent certificates of indebtedness due September 15, 1922. About two years have now elapsed since their maturity.

You will also note that there were \$15,500 par value United States  $4\frac{3}{4}$  per cent Treasury notes which do not mature until March 15, 1925. Do these have to be treated differently from the matured certificates of indebtedness, or would it be possible to word the proposed bills to cover their payment or redemption upon the lapse of six months from their maturity?

Thanking you for your kind consideration of this matter,

Respectfully yours,

THEODORE L. BAILEY.

TREASURY DEPARTMENT,  
Washington, October 1, 1924.

Mr. THEODORE L. BAILEY,

Attorney at Law, 15 William Street, New York, N. Y.

SIR: Reference is made to your letter of September 5, 1924, inclosing a draft of your proposed bill for the relief of the Commercial Union Assurance Co. (Ltd.), on account of the theft and possible destruction of United States Treasury certificates of indebtedness and Treasury notes in the amount of \$30,000 involved in the mail robbery at Kankakee, Ill.

The proposed bill has been rewritten and is now in a form which deals more specifically with the interest coupons that were attached to the securities. The phrase "after the 15th day of September, 1923," used in connection with the matured certificates of indebtedness is superfluous and has been omitted.

As stated in department letter of August 18, 1924, the circumstances attending the case when the bill is referred to the department for consideration may be such that objection to the relief contemplated will then be necessary.

Respectfully,

A. W. MELLON, *Secretary of the Treasury.*

NEW YORK, October 14, 1924.

SECRETARY OF THE TREASURY,  
Washington, D. C.

DEAR SIR: Kindly accept our thanks for your kind letter of October 1, inclosing revised draft of our proposed bill for relief of the Commercial Union Assurance Co. (Ltd.) on account of the theft and possible destruction of United States Treasury certificates of indebtedness and Treasury notes in the amount of \$30,000 involved in the mail robbery at Kankakee, Ill.

It is realized that the Treasury Department reserves final approval until the bill is referred to it for consideration. We shall proceed with the introduction of the bill at the next session of Congress and hope to be able to obtain prompt action thereon.

Again thanking you,

Respectfully yours,

THEODORE L. BAILEY.