

IN SENATE OF THE UNITED STATES.

JANUARY 18, 1839.

Submitted, and ordered to be printed.

Mr. KNIGHT submitted the following

REPORT:

[To accompany Senate bill No. 216.]

The Committee on the Post Office and Post Roads make the following report on the petition of Converse & Rees:

The petitioners state they were contractors for carrying the mail from Sandusky to Detroit, from the 5th of March, 1832, to the 1st of July, 1833. On the 14th of March, 1835, a settlement was made, as stated in the report of the committee of the House of Representatives, (to which this is a supplement,) and for the balance due to the contractors two drafts were made on the department, one at 60 days, for the sum of \$3,203 33, and the other at 120 days, for \$3,000. Both were accepted by the department, and discounted by the petitioners at the Bank of the Metropolis, in this city. The first draft was paid when it came to maturity, and the other was not paid until —. The bank charged the interest, after the acceptance became due, until the day of payment, amounting to the sum of \$282, which the department, as acceptor of the bill, paid to the bank. The department then charged the interest so paid the bank to the petitioners in account, and still withholds that sum from them for other services rendered by the petitioners as contractors on other routes. The money was acknowledged to be justly due from the department to the petitioners at the time the draft was made and accepted, and the petitioners received the acceptance in payment and satisfaction of their demand for transporting the mail from Detroit to Sandusky, aforesaid.

It appears to the committee, that it was the duty of the Postmaster General to have paid the draft at the time it became due, according to the tenor of the acceptance. The department not being in funds to pay it was no fault of the petitioners; they had discounted the draft, or acceptance, received the money, endorsed it over, and thereby transferred all their right of property, in the acceptance, to the bank. Under these facts and circumstances, it appears to the committee that the department had no legal right to charge the interest to the petitioners which accrued after the draft or acceptance became due, and that the petitioners are entitled to relief. In coming to this conclusion, the committee have not examined the original contract for transporting the mail from Detroit to Sandusky, nor the propriety of the allowance made by the former Postmaster General therefor, but have considered it as a bona fide transaction, and that the sum allowed to the pe-

tioners for that service was just and proper. Nor does the present Postmaster General suggest any impropriety in the settlement made with the petitioners for that service, or the allowance made by the former Postmaster General therefor, nor does he withhold the money for such cause.

We, therefore, report a bill for the interest and cost of protest.

HOUSE OF REPRESENTATIVES, FEBRUARY 22, 1837.

The Committee of Claims, to which was referred the petition of John P. Converse and Henry J. Rees, report:

That the petitioners were contractors for carrying the mail of the United States from Lower Sandusky to Detroit, and, also, on other routes, on and prior to the 14th of March, 1835. At that date a settlement was made, after much delay and deliberation, for services actually performed on the route from Lower Sandusky to Detroit, and a balance, for these particular services, on said 14th of March, 1835, was found due to them of \$6,166 33. Other items were added for money paid to witnesses, which brought the balance up to \$6,203 33. The other items referred to amounted to \$37, money paid to witnesses, and for expenses in proving the services of the petitioners, before a commission, constituted by the Postmaster General, at Lower Sandusky.

When the balance was struck, the department was out of funds, and the agreement was made between the Postmaster General and the petitioners, that they were to draw on the treasurer of the department for the balance in two drafts, one payable at 60 and the other at 120 days, which were to be accepted by the treasurer. The first was drawn for \$3,203 33, and the second for \$3,000. The first draft is supposed to have been burnt in the late conflagration; the second is on file as a voucher, a copy of which has been furnished the committee, and is of the following tenor:

\$3,000.

WASHINGTON, March 14, 1835.

RICHARD C. MASON, Esq.,

Treasurer Post Office Department.

One hundred and twenty days after date, pay to our order three thousand dollars, and charge to our account for transporting the mails from Lower Sandusky, O., to Detroit, Michigan Territory.

CONVERSE & REES.

Accepted: R. C. MASON, *Treasurer.*

In order to realize the money contained in these drafts, the drawers negotiated them at the Metropolis Bank, at a discount of six per cent., for the time they had to run.

When the first draft fell due, it was paid by the Post Office Department, in part by money due Converse & Rees. The second draft was protested.

The department withheld payments due on this and on other routes to Converse & Rees, to reimburse the money paid on the first draft, and to indemnify itself for its liability on the second draft, by having accepted it. This was done as a matter of finance, and not because there was any doubt about the claim. This the Postmaster General expressly stated to the petitioners in his letter to them under date of May 14, 1835.

They applied to the Postmaster General for a settlement in December, 1835, by their representative, the chairman of this committee, which was renewed at different times to the close of the session on the 4th of July, 1836.

The ill health of the Postmaster General, and a consequent accumulation of business, were satisfactory reasons for not taking up the subject.

It was entered on the 3d day of February, 1837, and finally closed on the 7th of the same month.

In settling their account, the department charged the petitioners with \$282, the interest paid the Metropolis Bank on the second draft: they paid for protesting the second draft \$1 75.

Although the sum of \$37 for taking the testimony was included in the drafts, it has been deducted in the late settlement.

The petitioners ask for the sum of \$37 so deducted, and for the interest on the two drafts from the time they fell due until the 7th of February, instant, and the money paid for the protest.

The committee think the \$37 was correctly disallowed. The expense of substantiating claims must be borne by applicants. If an item against the United States has been improperly or erroneously embraced in a settlement, and a claimant is obliged, in order to obtain justice, to apply to Congress, the account is open for the correction of such errors. The committee think interest should be allowed on these drafts. There is no question the amount they contained was due for services actually performed, and not for extra allowance nor for any thing of that character; and if the department had been in funds when they were accepted, or at the time they came to maturity, they would have been paid.

If there had been any ground to suspect fraud or collusion, or if the suspension of the payment had been for any well grounded cause implicating the petitioners, the committee would have come to a different conclusion.

They allow the money paid for the protest, and, in conformity with this report, they herewith present a bill.

