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THE PRESIDENT
OF THE
Western Farm Mortgage Company,

F. M. PERKINS,

VS.

J. B. WATKINS.

LIBEL SUIT FOR \$10,000 DAMAGES.

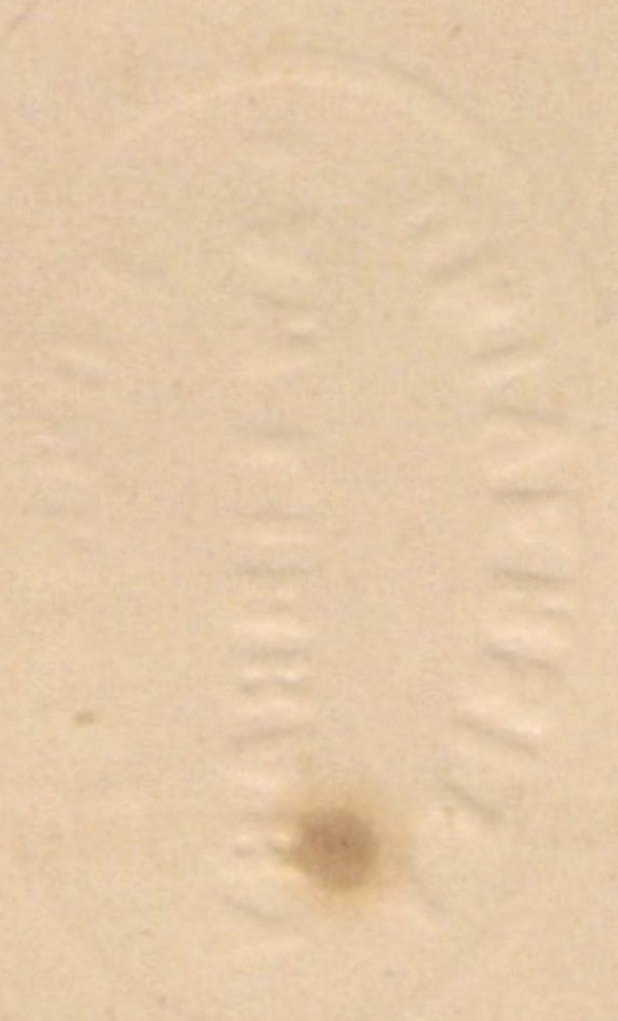
J. B. WATKINS & CO.,

Negotiators of Improved Farm First Mortgage Bonds,

LAWRENCE, KANSAS, 243 BROADWAY, NEW YORK,

AND LONDON, ENGLAND.

What was Claimed and Assessed
it was Put Through the Courts



For the result of finding in the
last page of this book

What was Claimed and Asserted Before it was Put Through the Courts.

TO THE PUBLIC.

To the virulent and libellous charges published last Thursday in the Kansas City papers, and the *Tribune* of this place, over the name of J. B. Watkins, we do not deem it necessary to reply at this time. There will be a hereafter, in which the truth and the facts in the case will fully appear. If there is justice in law, we prefer to let it take its own course, and will submit to the courts the question whether a man may publish such charges and scatter them broadcast to the public with impunity. * * * * * For the present we will only say that the right and the wrong will appear in the sequel.

F. M. PERKINS,
J. T. WARNE,
L. H. PERKINS,
C. W. GILLETT,
N. F. HART.

LAWRENCE *Journal*, Dec. 5, 1880.

See, also, circular letter on page 14.

For the result of putting it through the courts, see the last pages of this book.

A BRIEF STATEMENT OF SOME OF THE POINTS IN THE CASE.

I admitted the publication and circulation of the article complained of (it is given in full herein). This threw the burden upon me and gave me the opening.

Under the law I had to prove, not only that the article is true, but that it was published and circulated from justifiable motives. This I did to the satisfaction of the plaintiff, or he would not have dismissed his case.

When the evidence in chief on the part of the defense had been concluded, the plaintiff went upon the stand to smooth down as best he could, and then dismissed his case before we could cross-examine him. See his attorney's statements on the last page. He will never permit his case to be tried again.

L. H. Perkins, secretary, was ordered by the court to produce all lists of names to whom they sent circulars. The lists he produced contained by *accident* names of three of my patrons. After their clerk, Miss Parish, had testified upon the same subject he produced other lists, — one a mutilated sheet, — and then swore that the balance had been destroyed in June, 1880. Compare this with the fact that Miss Parish recognized letters that she addressed *from a list* in April, 1881, to patrons of mine whose names are not on any list produced.

See pamphlet, "What Our Patrons Say," all of whom received papers from the Western Farm Mortgage Company months after the lists were destroyed according to the oath of the secretary. In this connection read the circular letter of the secretary at the end of the article complained of. Page 14.

Their articles of incorporation (in evidence, but not

printed herein) were executed, and F. M. Perkins became president of the Western Farm Mortgage Company, April 15, 1880, and acted as such without my knowledge, and during all this time remained in my office until discharged from my employ, May 29, 1880, and then stated that he intended to give me six months' notice before quitting. All of their statements which we put in evidence as to their facilities, quality of work, protection of their mortgagees, and the *magnitude* of their loaning business, are of date May 1 to May 25, 1880. It now appears by the secretary's testimony that they *never had made a loan until in June, 1880.*

Early in the year 1880, F. M. Perkins knew that I would be absent in Europe after April. Why did he, about the same time, twice solicit Mr. Selig to induce me to give Mr. Dart, my manager, a few months to rusticate in the East? Was it that he might be better able to carry out what the evidence shows, viz.: that on the day of his discharge he had overdrawn my bank-accounts and created liabilities to be met at once to the amount of over \$40,000? It was only by discovering his manipulations when we did, and by telegraphing to New York and London, that we saved our paper from protest. All about this matter he (F. M. Perkins) pretended ignorance when on the witness-stand.

Our ruins would have been a good foundation for them to build upon.

J. B. WATKINS.

District Court, Douglas County,

STATE OF KANSAS.

FRANCIS M. PERKINS,

Plaintiff,

vs.

JABEZ B. WATKINS,

Defendant.

} *Petition.*

The said plaintiff, for his cause of action against said defendant, shows to the court: —

That on or about the 2d day of December, A. D. 1880, and at various other times and dates between said last above-mentioned date and the filing of this petition, said defendant, Jabez B. Watkins, maliciously composed, caused and procured to be composed, and published, caused and procured to be published, of and concerning this said plaintiff, in various newspapers, to wit: in the paper called “The Kansas Daily Tribune,” then published at the city of Lawrence, in the State of Kansas; in the newspaper called “Kansas City Daily Journal,” then published at the city of Kansas City, in the State of Missouri; in the newspaper called “The Kansas City Daily Times,” then also published at said Kansas City, in the said State of Missouri; in the newspaper called the “Kansas City Mail,” then pub-

lished at said city of Kansas City, in said State of Missouri, and in various other newspapers, the names of which are now unknown to this said plaintiff; and in certain printed circulars, entitled “Embezzlement and Fraud,” and which had and have appended thereto, in print, the name of “J. B. Watkins,” which circulars said defendant printed and caused to be printed, which (said newspapers and printed circulars) he (said defendant) circulated and caused to be extensively circulated in each and every State and Territory of the United States of America, and in other places and localities, a certain article containing the false, defamatory, and libelous matter (of and concerning said defendant) following, to wit:—

EMBEZZLEMENT AND FRAUD.

Why the Concern Calling Itself “The Western Farm Mortgage Company, F. M. Perkins, President; L. H. Perkins, Secretary; J. T. Warne, Vice-President; C. W. Gillett, Treasurer; N. F. Hart, Auditor,” located in Lawrence, Kansas, was Secretly Organized last March or April, and Why it Came to Notice in Lawrence about the First of June.

I make the following detailed statement of facts, that our clients and the public generally may be informed as to the unfair and corrupt origin of the above named concern, and because of the effort of this concern in mitigation of crime, to have the public believe that F. M. Perkins was a partner, and that he furnished the capital in my business. F. M. Perkins came into my employ as book-keeper and cashier, on or about the 27th of September, 1875. He worked until January 1, 1876, for \$150, and agreed to work for two years thereafter for \$75 per month. On December 31st, he entered in the cash-book, “Expense Dr. to F. M. Perkins \$150 for salary to January 1, 1876.” January 1, 1878, his salary was raised to \$1,000 per year, which he continued to

receive until the 29th of May, 1880, when he was discharged for violation of trust and an attempt to turn our business to himself and others, as hereinafter set forth. Soon after he began to work for me, he said he had brought with him \$700, and that being about all his money, he wanted to make the most of it. I said I would take it until he could get it loaned out to advantage. I gave him my promissory note payable on demand with 10 per cent interest. He loaned out the \$700 in small sums until August 15, 1876, the last was loaned and the note surrendered. As book-keeper and cashier, F. M. Perkins had an instruction in writing, to the effect that no employee shall overdraw his account a dollar, except upon a written order from me; I never gave F. M. Perkins permission to use a dollar of my money. In 1878 I agreed to loan him, I think, \$300, if he would assign mortgage securities as collateral. This he failed to do. Last winter I discovered he was embezzling money, and I employed T. H. Rudiger to check and balance the books. When I informed Perkins that Rudiger would be put on the books, had his death-warrant been read he would not have been more confounded. The trial balance taken off April 1st, 1880, showed that F. M. Perkins was an embezzler to the amount of \$2,578.08. The matter thus being brought to light, he sought an interview with me, and from time to time made appointments for after business hours, which he failed to keep, upon various pretences, one of which was that C. W. Gillett was at his house, and he had to visit with him. It became apparent to me that it was his purpose to avoid meeting me at all before I should have to leave for New York and Europe, there to meet advertised engagements, of which he knew. It came within a week of the time I must go, when during business hours, I took him into the back hall and told him that it seemed impossible to get his attention upon the matter of his embezzlement, and that I would give him until Saturday at 4 P. M., to pay back the money. He said he could not raise the money, and would not tell his

friends, and would not mortgage his property because people would know there was something wrong.

On Saturday he assured me that he could have the matter fixed on Monday. I extended the time until then, and on Monday, April 27th, he gave me a check by Chancellor Marvin of \$2,000 for sale of his farm, and \$400 in currency.

The currency, I have learned since my return from Europe, he borrowed of the Merchants' Bank, where I am president and third owner, the cashier not knowing of the embezzlement. For the balance and interest he gave me his note, due on or before November 1st, 1880, which he has paid.

That said newspapers, and each of them, at the time of the publication of said libelous matter therein, had a large circulation in the places and territory above mentioned, which fact the defendant then well knew.

That by reason of said publications and the matters herein stated, said plaintiff was injured in his reputation to his damage in the sum of ten thousand dollars (\$10,000), for which sum, and costs, he demands judgment against said defendant.

[Signed]

SAMUEL A. RIGGS *and*
GEORGE J. BARKER,
Attorneys for Plaintiff.

To the Clerk of said Court: —

Issue a summons against the defendant in the above entitled action, directed to the sheriff of Douglas County, Kansas, returnable according to law. Damages for libel; amount claimed, ten thousand dollars (\$10,000); also for costs.

[Signed]

L. H. PERKINS,
GEORGE J. BARKER,
SAMUEL A. RIGGS,
Attorneys for Plaintiff.

Filed February 5, 1881.

M. SUMMERFIELD, *Clerk.*

DISTRICT COURT, DOUGLAS COUNTY, KANSAS.

FRANCIS M. PERKINS,	}	<i>Answer.</i>
<i>Plaintiff,</i>		
<i>vs.</i>		
JABEZ B. WATKINS,	}	
<i>Defendant.</i>		

The said defendant, for his answer to plaintiff's petition herein, says: —

That at and for a long time prior to the writing and publishing of the several words and matters set forth in plaintiff's petition as being libelous and defamatory of the plaintiff, he (the defendant) was, and for a long time prior thereto had been, engaged in the business of negotiating loans on Western farm mortgages, under the name of J. B. Watkins & Co., at the city of Lawrence, Kansas.

That he had expended a large amount of money and labor in establishing said business, until the same had grown to a large and extensive business, requiring the assistance and services of a number of competent employees to conduct the business of its several departments.

That he employed the plaintiff on or about the twenty-seventh day of September, 1875, and, relying upon his competency and integrity, placed him in the position of clerk, book-keeper, and cashier in his said business; that as such clerk, book-keeper, and cashier, all money received and disbursed in defendant's business, and the accounts for the same, passed through the hands of plaintiff, and he (the said plaintiff) was intrusted with all the privacy of defendant's said business, in confidence, and in the absence of defendant had full and exclusive management thereof.

That plaintiff continued in said position of trust and confidence in defendant's employ and business until May 29, 1880, when he was discharged from defendant's service on account of violation of the said trust reposed in him by

defendant, and a secret attempt by him to undermine and ruin defendant's said business and turn the same to the benefit of himself and a company he had secretly organized, called the "Western Farm Mortgage Company."

That while still in defendant's employ, and occupying the confidential and responsible position of clerk, book-keeper, and cashier, as aforesaid, and receiving his salary from defendant as such, and while defendant was absent from Kansas, and from the United States, he (the plaintiff) secretly and perfidiously, and in the night-time, entered defendant's office, and in defendant's absence opened defendant's books and exhibited defendant's business to the inspection of a stranger to such business, and communicated to him the names and addresses of defendant's customers, and defendant's system of making loans, for the purpose of using the same in establishing secretly a business under and by the name of "Western Farm Mortgage Company," and undermining defendant's said business, and diverting the same from defendant to the use and benefit of said plaintiff and said "Western Farm Mortgage Company."

That plaintiff did, while in defendant's employ, secretly organize said company, called the "Western Farm Mortgage Company," and became, and secretly acted as the president thereof; and while secretly acting in this double capacity as defendant's cashier, clerk, book-keeper, and confidential agent, and the president of the said "Western Farm Mortgage Company," secretly, fraudulently, and in violation of the confidence and trust reposed in him by defendant, labored and continued to injure and undermine defendant's business by using defendant's list of customers, books, and forms of business, and exhibiting the same to the inspection of other officers of said "Western Farm Mortgage Company," and representing that he had been the partner of defendant, and by secretly sending circulars to defendant's patrons, advertising the business of said

“Western Farm Mortgage Company,” and soliciting patronage therefor.

Defendant further alleges that, while in the employ of defendant as such clerk, book-keeper, and cashier, the said plaintiff did, at sundry times, between the tenth day of March, A. D. 1878, and the twenty-ninth day of May, 1880, without the knowledge or assent of the said defendant, his said employer, take, embezzle, and convert to his own use sundry amounts of money belonging to defendant, his said employer, which came into his possession and under his care by virtue of his said employment as the clerk, agent, book-keeper, and cashier of defendant as aforesaid, said sums in the aggregate amounting to \$2,578.08.

Defendant says that the matters alleged and statement contained in the article, and set out in the plaintiff's petition as having been published of plaintiff by defendant are true, and defendant avers that the same, together with the remainder of the publication from which the same was taken, was written and published to inform the defendant's patrons, and the public generally, of the true character of the plaintiff, and his unfitness and unworthiness of public confidence, and to protect and defend himself, the said defendant, against the said efforts and attempts of the said plaintiff to undermine, injure, and destroy his said business, and divert the same to the use and benefit of himself, the said plaintiff, and of the said “Western Farm Mortgage Company,” as hereinbefore alleged.

Wherefore, defendant prays judgment against said plaintiff for his costs herein incurred.

[Signed]

J. W. GREEN,
JOHN HUTCHINGS,
R. J. BURGHOLTHAUS,
D. S. ALFORD,
Attorneys for Defendant.

Filed March 7, 1881.

M. SUMMERFIELD, *Clerk.*

DISTRICT COURT, DOUGLAS COUNTY, KANSAS.

FRANCIS M. PERKINS,	}	<i>Plaintiff.</i>
<i>vs.</i>		
JABEZ B. WATKINS,	}	<i>Reply.</i>
<i>Defendant.</i>		

The plaintiff, for reply to answer of defendant, herein filed, says: That he admits that at the time of, and for a long time prior to the publication of the matters complained of in plaintiff's petition, as libelous and defamatory of the plaintiff, he (the defendant) was engaged in the business of negotiating loans of money, under the name of J. B. Watkins & Co., at the city of Lawrence, Kansas. He admits that the defendant employed the plaintiff at the time, in the capacity and with the powers and duties as stated in the said answer, and that plaintiff continued in said employment until May 29, 1880, and plaintiff denies each and every other allegation in said answer contained.

(Signed)

L. H. PERKINS,
GEORGE J. BARKER,
SAMUEL A. RIGGS,
Attorneys for Plaintiff.

Consent to file, this 1st day of April, A. D. 1881.

JOHN HUTCHINGS,
Attorney for Defendant.

Filed April 1, 1881.

M. SUMMERFIELD, *Clerk.*

The defendant having admitted the publication of the alleged libelous article, the burden was upon him, under the pleadings, to prove the truth of the same, and show justifiable motives for the publication.

DIRECT EXAMINATION OF J. B. WATKINS BY MR. HUTCHINGS.

Q. Mr. Watkins, where do you reside? A. In Lawrence, Douglas County, Kansas.

Q. How long have you resided in Lawrence? A. Since the 16th of August, 1873.

Q. What has been your business since you resided in Lawrence? A. Negotiating Western farm mortgages.

Q. Where did you commence that business? A. I commenced that business in Illinois, in 1870.

Q. Did you come to Lawrence from there? A. I came to Lawrence from Illinois; arrived on the 16th of August, 1873; commenced business here then.

Q. Are you still engaged in that business. A. I am.

Q. When did you commence by hanging out three balls, that the attorney has alluded to? A. I never commenced.

Q. Did you have three balls out as a sign? A. No, sir.

Q. Mr. Watkins, please look at that article (handing witness a newspaper) — commencing on the first page and ending with your signature. State if that is the whole article referred to in the petition of the plaintiff. A. That is the whole article — commencing with the words “Embezzlement and fraud,” and ending with “J. B. Watkins.”

The whole of the article from which the extract was taken by the plaintiff in his petition was here introduced in evidence.

EMBEZZLEMENT AND FRAUD.

Why the Concern Calling Itself “The Western Farm Mortgage Company, F. M. Perkins, President; L. H. Perkins, Secretary; J. T. Warne, Vice-President; C. W. Gillett, Treasurer; N. F. Hart, Auditor,” located in Lawrence, Kansas, was Secretly Organized last March or April, and Why it Came to Notice in Lawrence about the First of June.

I make the following detailed statement of facts, that our

clients and the public generally may be informed as to the unfair and corrupt origin of the above named concern, and because of the effort of this concern in mitigation of crime, to have the public believe that F. M. Perkins was a partner, and that he furnished the capital in my business. F. M. Perkins came into my employ as book-keeper and cashier, on or about the 27th of September, 1875. He worked until January 1, 1876, for \$150, and agreed to work for two years thereafter for \$75 per month. On December 31st, he entered in the cash-book, "Expense Dr. to F. M. Perkins \$150 for salary to January 1, 1876." January 1st, 1878, his salary was raised to \$1,000 per year, which he continued to receive until the 29th of May, 1880, when he was discharged for violation of trust and an attempt to turn our business to himself and others, as hereinafter set forth. Soon after he began to work for me, he said he had brought with him \$700, and that being about all his money, he wanted to make the most of it. I said I would take it until he could get it loaned out to advantage. I gave him my promissory note payable on demand with 10 per cent interest. He loaned out the \$700 in small sums until August 15, 1876, the last was loaned and the note surrendered. As book-keeper and cashier, F. M. Perkins had an instruction in writing, to the effect that no employee shall overdraw his account a dollar, except upon a written order from me; I never gave F. M. Perkins permission to use a dollar of my money. In 1878 I agreed to loan him, I think, \$300, if he would assign mortgage securities as collateral. This he failed to do. Last winter I discovered he was embezzling money, and I employed T. H. Rudiger to check and balance the books. When I informed Perkins that Rudiger would be put on the books, had his death-warrant been read he would not have been more confounded. The trial balance taken off April 1, 1880, showed that F. M. Perkins was an embezzler to the amount of \$2,578.08. The matter thus being brought to light, he sought an interview with me, and from time to time made

appointments for after business hours, which he failed to keep, upon various pretences, one of which was that C. W. Gillett was at his house, and he had to visit with him. It became apparent to me that it was his purpose to avoid meeting me at all before I should have to leave for New York and Europe, there to meet advertised engagements, of which he knew. It came within a week of the time I must go, when during business hours, I took him into the back hall and told him that it seemed impossible to get his attention upon the matter of his embezzlement, and that I would give him until Saturday at 4 P. M., to pay back the money. He said he could not raise the money, and would not tell his friends, and would not mortgage his property because people would know there was something wrong.

On Saturday he assured me that he could have the matter fixed on Monday. I extended the time until then, and on Monday, April 27, he gave me a check by Chancellor Marvin of \$2,000 for sale of his farm, and \$400 in currency.

The currency, I have learned since my return from Europe, he borrowed of the Merchants' Bank, where I am president and third owner, the cashier not knowing of the embezzlement. For the balance and interest he gave me his note, due on or before November 1, 1880, which he has paid.

He had not only to visit with Gillett upon the occasion above referred to, but early in May, in the absence of myself and manager, he (the secretly constituted "President") showed Gillett ("Treasurer") through our books and the system of making loans.

This concern, from the time of its secret organization, was quietly making preparations to strike the fatal blow when I got upon the Atlantic. With its so-called president in my employ, and, as he thought, the only man this side of the Atlantic who could draw drafts, and no one who could discharge him, they thought they could manipulate my business to suit themselves, but in this they were defeated so far as having absolute control of my business was concerned,

because I did not start for Europe without leaving power outside of Perkins to draw drafts, and I left power to discharge him if necessary. As soon as I was upon the Atlantic, they sent letters, circulars, pamphlets, blanks, etc., to our agencies West, and to our customers East, the organization and securing of which has cost us ten years of work and \$60,000.

I have in my possession issues of letters duplicated upon a lithogram, bearing the following dates: May 14, May 20, May 21, and May 25, addressed to our customers, and by them sent to us. A part are in the handwriting of F. M. Perkins, and signed "F. M. Perkins, President." The others are signed "L. H. Perkins, Secretary." From these I quote the following:

"We claim that we have as good facilities as any loaning company in the world for securing safe loans."

"The per cent is coming down, but we still have some very choice applications which we can recommend to our friends."

"No loaning company in the West has better facilities for securing safe loans than we, and we are confident in saying that we exercise more care in the selection of our securities than some companies loaning in this vicinity."

F. M. Perkins wrote and signed this as "President" of "The Western Farm Mortgage Company," eight days before he was discharged by us.

May 1, they say: "Our loans range from \$200 to \$3,000 each, with an average of about \$500."

I assert that on May 1 this concern never had made a loan.

If their statement means anything other than a lie, it means that they were talking about our loans and average. Indeed they made such frequent reference to our system and record that our customers concluded that we had either sold out to them or some one was stealing our business. I quote the following from letters written by our customers to us before we knew of the plot:

“ I am having applications something like the enclosed card from parties in your city. I have thought there might be an undercurrent trying to work against you. Perhaps I am not correct, but it looks to me as though there was a *snake* in the grass somewhere. We, of course, would like nine per cent, if secure, but not of parties that would take this way to get it.”

“ It seems another concern in Lawrence has obtained a list of your customers. I know of three or four who have received their card.”

“ From papers and proposals received, both myself and son think there is an attempt to supplant you.”

“ What does the enclosed card and circular [Western Farm Mortgage Company] mean?”

Addressed to our New York office is the following: “ Has J. B. Watkins & Co. given up business?”

I quote the following from letters written after we knew of the plot:

“ I am glad to know you don't lose much by those scamps.”

“ I received a letter from Perkins May 14th, and thought at the time, and so remarked, that some one in your employ must have given away the address of your correspondents.”

“ The circular of F. M. Perkins & Co. was evidently drawn up by one who had access to your system of doing a loaning business, and was calculated to deceive.”

“ I received a letter from the ‘ Western Farm Mortgage Company (F. M. Perkins, Pres't),’ dated May 25th. I suspected from the first that they were a bogus concern.”

“ The concern to which you called my attention sent me a glowing circular. They do the self-rating department well.”

“ I suspected from the first that there might be crookedness.”

“ I was much surprised to get the circular and the seemingly familiar letter which I enclose.”

“ I wondered how they should know all of our names.”

“ I received Mr. Perkins' circular and your antidote. The company also sent me their pamphlet — specious, attractive, baseless.”

In accordance with authority left with M. J. Dart before I started for Europe, he promptly discharged Perkins on discovering what was going on. This was May 29th. When Dart showed him their card and informed him that he was discharged, Perkins first disputed the authority to discharge ; then that he was entitled to notice ; that he proposed to give six months' notice before quitting. Then he refused to give up the keys. But he failed in each manœuvre ; and on June 5 we sent a circular to all of our customers, and on June 15th to their references, who, we believed, were ignorant of the facts, calling attention to the discharge for violation of trust, etc.

I will say that M. J. Dart followed my instructions, and every act of his was fully approved by me as fast as I learned of them. Following is the circular sent by this concern in answer to our action, plainly a further attempt to deceive :

“ LAWRENCE, KANSAS, 17th June, 1880.

DEAR SIR: We should pay no attention to the little, scurrilous, disgusting circular issued on the 15th inst. from the office of J. B. Watkins & Co., but for one reason, viz. : to call attention to the motives that prompted it. It is the offspring of one M. J. Dart, who is a mere mercenary hireling in the employ of Watkins, and who thinks by the contemptible course he is pursuing, to achieve a little local celebrity (for which he has a morbid desire), and by slandering a rival house, to advance himself in the estimation of the man he works for, who is his lord and master, and to whom he belongs, body and soul. A man who will sacrifice truth and manhood for mercenary ends is a fit subject to prate about honor. The charges about ‘ violating trust,’ etc., etc., are the blackest, basest falsehoods, conceived in envy and uttered in unadulterated malice. To

Q. Where were these shorter trips made, and what was their object? A. The object of these trips was taking care of and building up my business.

Q. During your absence at these times, who was in immediate charge of all your financial affairs? A. F. M. Perkins.

Q. What were the duties that he performed? A. He kept the books, handled all finances or moneys, and did the correspondence with all persons who furnished money to invest in these mortgages.

Q. Who had charge of the incoming correspondence to your concern? A. F. M. Perkins had charge of the correspondence coming from the East from the investors, and M. J. Dart had charge of the correspondence with the Western agencies.

Q. What do you mean by Western agencies? A. In every county in which we make loans we have a man representing us. His duty is to furnish applications for loans and see to the execution of papers when sent out. Those men are our agents.

Q. Who took your mail from the post-office, generally? A. That has been done by various parties at various times. In the early years of our business it was brought from the office by most any one that was in the office.

Q. That happened to go? A. Yes, sir.

Q. Well, latterly? A. Latterly it has been delegated to some of the under-help.

Q. Well, when it was brought from the office, who was it given to first? A. It passed generally to the hands of F. M. Perkins; sometimes to the hands of M. J. Dart.

Q. What was the amount of compensation or salary that Mr. Perkins received from you for these services while in your employ? A. He received \$150 for the portion of the year 1875 that he worked, commencing the latter part of August or the 1st of September. He received \$75 per month for the next two years, ending the 1st of January,

1878. From that date until the day of his discharge he received \$1,000 per year.

Q. You stated, I believe, that he was book-keeper? A. Yes, sir.

Q. What books was he required to keep? A. He was required to keep two books, which we called, one a cash-book and the other a ledger. The cash-book is perhaps ordinarily called the journal, where the daily transactions are entered.

Q. Did he keep such books? A. He did.

Q. What instructions or rules were given with regard to the payment of employees? A. He had an instruction from me in writing that no employee shall overdraw his account without written authority from me.

Q. How many employees did you have? A. When Mr. Perkins came into my employ, I then had W. C. White, M. J. Dart, and Mr. Perkins was the third.

Q. Now then, state if the number increased, and when? A. The number increased gradually until, the 29th of May, 1880, I had in my employ in the office, I think, eight.

Q. Please name those you had at that time, the 29th of May? A. M. J. Dart, A. L. Selig, F. M. Perkins, T. H. Rudiger, Henry Putnam, F. H. Banker, T. C. Green, Mr. Presby, Nellie Haskell, and Lizzie Miller. That is all I remember; I believe that is all.

Q. Did you have anything to do with these books at any time, so far as keeping them, or anything of that sort? A. No, sir.

Q. How did you obtain your information of the condition of your business — the general condition of the business — at any given time? A. Early in my business — perhaps until 1878 — Mr. Perkins was in the habit of showing me the trial balances, which were generally taken off once a month, and then, at the end of the year, for the year. Those balances I examined. Once in a great while I would turn to some account in the books that I would like to see.

Q. That is to say, you received your information from Mr. Perkins and these trial balances? A. Yes, sir.

Q. How extensive was your journal? Did it consist of a large number of items? A. The items in our cash-book are not nearly so voluminous as in mercantile, or many other businesses. The transactions are large, generally. The entries are not so numerous.

Q. Principally cash transactions? A. Always cash.

Q. Were these trial balances made regularly? A. They were made regularly, I believe monthly, from the time Mr. Perkins came into my employ until 1878. I think regularly up to that time, or nearly that time, yearly. Perhaps the last yearly trial balance was 1877; it may have been 1878.

Q. From 1878 up to the time he was discharged, how was it? A. There were no trial balances.

Q. State if at any time you requested him to make out those trial balances? A. The fall of 1879 I spoke to him two or three times with regard to the unsatisfactory condition of the books.

Q. Well, what reply did he make? A. I said to him that the books were in a neglected condition, and particularly the salary accounts, and asked him to have them brought up — balanced up — to date. A week or ten days passed. I called his attention to the same subject; told him to have the matter brought up. He replied that he had not had time. He said he had taken the books home, expecting to do some work upon them there, but that he could not work upon them to any advantage at home. I told him he should draw from the force of the office necessary help to balance the books up.

Q. Well, was it done? A. It was not.

Q. How many times did you speak to him on that subject? A. I believe I spoke to him twice.

Q. You may state if the books were in such a condition that by an ordinary inspection you could tell what the condition of the salary accounts were? A. It was not possible to determine the condition of the salary accounts

without a great deal of trouble and computation. The charges were scattered through the cash-books for several months back; were not transferred at all to the ledger, and for a year and a half back the ledger was not balanced; salaries were not entered up for nearly two years.

Q. Well, did that condition of the books continue, and to what time—that is, from the time you spoke to him about bringing them up? A. It was in October and November, 1879, that I spoke to him. Both occasions may have been in the month of November, but both conversations were prior to the 1st of December. During the month of December I was absent; arrived from the East on Sunday, the 1st day of January, 1880. I made an examination of the books on my arrival; found that nothing had been done in the way of posting or balancing up. On the 2d, 3d, or 4th day of January, I saw Mr. T. H. Rudiger, who was then in the employ of Van Hosen, and undertook to employ him. Van Hosen was in Chicago. He could not give me an answer then, but a few days thereafter he answered that he would come.

Q. Did he come, and when? A. He came into my employ on the 15th of January, 1880.

Q. State what you set him to doing? A. I put him upon the books to check up, back for two or three years, and transfer to the ledger and balance up the books. He was assisted in that work by F. M. Perkins.

Q. Did you say anything to Mr. Perkins about employing somebody to fix up the books after he had failed to do so? A. On Saturday, before the 15th of January, Mr. Perkins was passing through my rear office. I caught his attention—motioned to him to sit down. He sat on the right of me, at the south end of the desk. I said to him: “I have employed Mr. Rudiger. He will be here on Wednesday. He shall be put upon the books.” He picked up a knife eraser that was lying there, and cut through a blotter that was lying there. I put my hand under the

knife, or near it. He looked at me, and I said, “I did that to keep you from cutting the desk.”

Q. Well, what was his reply, and what was his manner?

A. He was very nervous. I think he made no reply.

Q. What did he do then? A. He got up and went out into the other office. He assented—I think he did—to my instructions.

Q. What day did Mr. Rudiger begin work upon the books? A. On the 14th of January I left Lawrence and went south-west to Wichita, to travel over the country; was gone three weeks; went through the south part of the State, and came home by way of Independence, Parsons, and Chanute. I was gone three weeks. I was not in the office the day Mr. Rudiger came in.

Q. He was there when you came home? A. Yes, sir.

Q. How long was Mr. Rudiger on the books after he came into your office? A. From the 15th day of January to the 1st of April. On that day he handed me the trial balance bearing that date.

Q. State if that was the first information or discovery you had of the condition of Mr. Perkins' account? A. No, sir.

Q. State when you first ascertained the condition of his account after you had requested him to post up the books?

A. It was the latter part of October or 1st of November, 1879, that I started on a trip East, I believe. I took the train at the Kansas Pacific depot across the river, at four o'clock in the afternoon. Mr. Perkins volunteered to walk over to the depot with me. On the way over he entered into a conversation, which was commenced by him, about an increase of salary. He said he could not live on a thousand a year. I told him that I did not care to increase his salary. When I returned home I turned to Perkins' account to see if he was living upon a thousand; discovered that he had been converting my money to his own use. I estimated the amount then to be \$1,500 to \$1,800 he had used.

Q. When was this, Mr. Watkins? A. My return was in the month of November, 1879.

Q. Can you tell about what time in the month? A. Not positively, but I think after the middle of the month.

Q. State if that was the first information you had that he had taken and converted your money? A. Yes, sir.

Q. Beyond his salary? A. Yes, sir. I believe now that that was an earlier date than I have stated.

Q. Well, give the correct date. A. I think it was the latter part of October, 1879. I was absent every week for a month or two during that fall.

Q. How long after this was it that you requested him to post up the books. A. My first request was the same day or the next—the first opportunity I got of seeing him afterwards.

Q. Mr. Watkins, did you at any time ever give Mr. Perkins your consent for him to use your money? A. I never did.

Q. When did you discover the exact amount that he had used over and above his salary? A. On the 1st day of April, 1880, when the balance sheet was shown me.

Q. How much did you find the amount to be? A. \$2,578.08.

Q. Did you then have any conversation with him about the matter? A. I did.

Q. State what it was? A. The trial balance was brought to me about four o'clock in the afternoon on that day. At six o'clock I started from my rear office east into the front office. Perkins' desk was the first on the left. I observed that he was engaged, and I passed his desk, walked down to the east end of the room, came back, and I was then facing him, near him; I looked at him, about to speak, when he said, "I want to see you to-night."

Q. Who said so? A. Mr. Perkins.

Q. He said so of his own accord? A. Yes, sir.

Q. Had Perkins seen the balance sheet, or did he have knowledge that it had been presented to you? A. I presume he had.

Q. He aided Mr. Rudiger in making up this balance sheet? A. He did.

Q. Was that all that passed between you at that time?

A. We had a conversation then.

Q. What was it? State the language used. A. He said that he wanted to see me. I replied, "All right; you can see me any time, but it should probably be after business hours." I asked him when it should be, and a time was agreed upon. Whether it was that evening or one or two evenings thereafter I am not positive; the hour, seven o'clock; the place, at the office.

Q. Did you meet according to the appointment? A. We did. We met at the office, and sat by the stove in my rear office for ten or fifteen minutes talking; the conversation was upon general subjects. I suggested that we walk out. He assented to it, and we walked down to the bridge. The conversation continued upon general subjects. We stayed at the bridge a few minutes; came up Massachusetts Street, and just stopped in front of the office on the sidewalk — merely halted. It was suggested that we walk further. I remarked that I wanted to see a house up on Kentucky Street. He said, "All right; I will walk up there with you." We walked up to that house. It is the second or third house south of the U. P. Church on the same side. It was then vacant. We went in at a back window; looked through the house; came out; walked down that street. We must have come along this street, as we neared the office from the west; went into the office and sat down at the same place, by the same stove. Up to this time we had talked upon general subjects. We sat there for ten minutes, I presume; very little said; there was a good deal of silence. Perkins finally said, "What do you think about increasing my salary?" He was sitting at my right, and a little back of me. I turned this way in my chair, and looked at him and said, "Perkins, there is another matter to be settled before we can talk about salary." His reply

was, “ Well, that is the matter I wanted to talk about, but I did not have cheek enough to mention it, and I took that way to raise the subject.”

Q. What was next said? A. He asked me what I proposed to do about it. I said to him, “ I prefer you to make me a proposition.” I said, “ You know best your ability, and I will give you an opportunity to make one that you can meet,” and suggested that he take a little time to consider the matter. He agreed that he would, and it was agreed that we should meet again at the office. I am not positive whether an hour was appointed then, or whether it was appointed the next day during business, but a time was appointed to meet at the office at seven o’clock in the evening. I was at the office that evening at seven o’clock, and stayed probably until nine o’clock or after. Perkins did not come. The next morning I said to him, “ You did not come down last night?” He replied, “ Yes, I came down ; I came by the office and I saw that you had company.” (Two of my employees were in the office.) He said, “ I thought I would not come in.” We then agreed upon another evening for meeting, at seven o’clock, at the office. I was at the office that evening, and stayed an hour or such a matter.

Q. Well, state whether he came or not? A. He did not come. As I was going out of the office, in the aisle I observed a note upon one of the high stools. It was addressed to me, and in Perkins’ handwriting.

Q. Have you got that note? A. I have not.

Q. What became of it? A. I read it, tore it up, and threw it into the waste-basket.

Q. What was the purport of that note? A. “ I cannot meet with you this evening. Mr. Gillett is at my house, and I have to visit with him.”

Q. Well, state what further effort was made to have a meeting? A. It came now to be nearly the 20th of April, 1880, and in the afternoon — it was the fore part of the week, I believe, perhaps Monday or Tuesday, during busi-

ness hours — I took Perkins into the back hall, and said to him, “It seems impossible to get your attention upon the matter of your embezzlement.” He repeated the word “embezzlement.” I said, “It is embezzlement; I prefer to call things by their right names.” He said that he had as little respect for a man who would misappropriate funds as I had. I said to him, “In our first conversation, I agreed to give you an opportunity to make me a proposition; you have failed to do this, and now I have a proposition to make to you, and it is this: you pay me back that money by four o’clock Saturday afternoon.” He said he could not raise the money. I told him to unbosom the whole matter to his friends, and get them to assist him. He said he did not want his friends to know anything about it — did not want his wife to know anything about it. I said to him that he should tell his father, and let him help him. He said, “I don’t want to tell my father, and my father has no such amount of ready money.” I said, “You know that your father can raise that amount of money on short notice.” His reply was, “You have always been a friend to me, and I am sure that you will be a friend to me now.” I told him that I had no desire to do him an injury, but that he must pay that money back. He then wanted me to buy his farm. I said to him, “I have no use for a farm with a \$2,500 mortgage on it.” He said, “The first mortgage of \$1,500 I have no control over, but my father and uncle jointly own the second mortgage of \$1,000, and I can get that released.” I said I did not want to buy the farm. Then he wanted to sell me his stock (cattle and hogs). I told him I was not in a shape to handle cattle and hogs; that he could give the matter more attention than I could, and that if I had to assume or take the property in any shape, I preferred to take a mortgage upon the stock and upon the farm and let him have it; I did not want to buy the farm. A day or two after that he asked me if I would not go out and see the farm; he said he would drive me out. I agreed to go, and we went over to

the stable. He hitched up the horse and we drove over the farm, located six miles west of Lawrence and a half a mile north of the California Road. We looked over the farm and through the house, and saw some stock. When we were coming home, he asked me what I thought of it, and I told him that the farm was worth probably \$3,500, but that I had no use for it.

Q. Did not want it? A. No, sir. In one of these conversations I told him that if he would pay me half of the amount in cash, I would take a mortgage on his farm as security for the other half.

Q. State now what day of the week was this? A. I cannot give the day.

Q. It was before the Saturday that you have referred to? A. Yes, sir — on Wednesday or Thursday prior to the Saturday that I required him to pay back, and when he told me that he could get me the money; that he was selling his farm. On Saturday, — the Saturday preceding the 27th of April, and that must have been the 24th or 25th of April, — the day that I required the money to be paid in the afternoon, he came to me and showed me a note from Lawyer Foote. He said that he had sold his farm to Chancellor Marvin for \$3,500; that there was a check in existence for \$2,000, which would be handed over to him when he received the release of the mortgage for \$1,000 which his father and uncle owned. He showed me a telegram from his uncle that the release was forthcoming. Upon that showing, at his request, I told him that I would give him until four o'clock Monday afternoon to pay back the money — I would extend the time from Saturday to Monday. Monday afternoon he brought to me in my back office a check drawn by Chancellor Marvin on the Merchants' Bank for \$2,000, payable to F. M. Perkins, and indorsed F. M. Perkins. He also indorsed that check "J. B. Watkins & Co." He showed me a ticket of deposit from the Merchants' Bank, and a ticket where he had paid \$400 in currency to me. He paid the \$2,000 check and the \$400 currency.

Q. Well, did that cover the amount? A. No, sir.

Q. How was the rest going to be fixed? A. My demand of him was a repayment of the money, with interest at twelve per cent. That figured up, I think, in the neighborhood of \$3,100. When he paid the \$2,400, I said to him, "I am willing now to reduce the interest. I will charge you but eight per cent, and we will call the claim now \$2,800 even." He gave me his promissory note for \$400, payable on or before the 1st day of October, I believe; it may have been November; but October, I think. The note he paid before the day stated. He paid it in the fall before that date.

Q. What rate of interest did that note draw? A. That note was drawn without interest.

Q. Give the date of that transaction? A. That was the 27th of April, 1880, if Monday came on the 27th; it may have been the 26th.

Q. It was on Monday? A. It was on Monday—about the 27th of April.

Q. State whether there was any further conversation between you and him at that time about this matter? A. I said to him on Saturday that I should leave Lawrence one day later than I expected to, for New York and Europe, and for that reason I could give him until Monday.

Q. State if your arrangements had already been made to leave for Europe? A. Yes, sir.

Q. How long before? A. My arrangements had been made six weeks to two months before. I had advertised in New York papers, and in Glasgow and in London papers, of my arrival in New York and of my arrival in London.

Q. That had been done two months before? A. Six weeks to two months.

Q. Did Mr. Perkins know that? A. He knew it; I cannot state how long before.

Q. But he knew it at this time? A. Yes, sir.

Q. Did he know it previous to the demand for the money? A. Yes, sir.

Q. After this money was paid and you received the note, what further was said between you and Perkins in regard to his employment, and what was done? A. He again spoke to me about an increase in salary. At the time of this settlement, when I reduced my demand from \$3,100 to \$2,800, he said, "You are very liberal; it is more than I expected." After the payment and the note given, he asked me if I could not pay him more salary. I called his attention to the rebate in interest, and the fact that I had given him until fall to pay the \$400 back, without interest; that that was a considerable consideration. I said to him, "I cannot increase your salary, but I will let you stay here until I return from Europe, and I will see then, after my return, whether I want you any longer or not."

Q. State if at that time you were in need of all the help you had? A. Yes, sir.

Q. And crowded at that? A. Yes, sir; our work was crowded.

Q. Now, what reply did he make to you when you told him he might remain until you returned? A. He assented to it.

Q. How long after that did you depart on your trip East? A. I departed on Wednesday. I think the conversation was on Tuesday. I said to him in one of the last conversations I had with him after the settlement, "Perkins, I think you have learned a lesson; and don't you, under any circumstances whatever, ever use a dollar of my money faster than you earn it." At that time, between the 1st of April, when the balance sheet showed that he had misappropriated \$2,578.08, and our settlement was upon that basis,—between the 1st day of April and the 27th of April he had misappropriated in the neighborhood of \$80. The day I left, or the day before, I said to him, "You want to reduce that amount just as fast as you can, and you must get it done so that the books will show square by the 1st day of June."

Q. Mr. Watkins, when you left for Europe, did you make

any extra provisions for the supervision of your business?
A. I did.

Q. What were the provisions you made? A. In the fall of 1879, after I discovered the condition of Perkins' account, I advanced M. J. Dart to the management of my business, to begin on the 1st day of January, 1880.

Q. What provisions did you make for the supervision of that part of the business under the control or management of Mr. Perkins during your absence? A. A day or two, or a few days before I left Lawrence, I authorized T. H. Rudiger to draw drafts upon New York and the Merchants' Bank. I also authorized Henry Dickinson, my New York manager, to draw drafts.

Q. Well, what other provisions did you make in relation to Perkins? A. Before I left, I left authority with M. J. Dart to discharge any employee.

Q. Did you explain to Dart the object of that authority?
A. I did.

Q. Did you leave any instructions as to watching Perkins' performances while you were gone. If so, what were they?

A. I instructed M. J. Dart to watch Perkins and see that he complied with the demands that I had made upon him; see that he did not overdraw his account, and if he proved recreant, to discharge him.

Q. State whether he was discharged before your return?
A. He was.

Q. Where were you at that time? A. I was in Europe.

Q. Now, Mr. Watkins, what was the number of your correspondents in the East at that time, say at about the 15th of April, 1880; and from that time on to the time that Mr. Perkins was discharged, what was the number of your patrons and correspondents that furnished you money to loan? A. Between those dates and at those dates the number was in the neighborhood of six hundred.

Q. State if anybody had access to the list of names and residences besides Mr. Perkins and any other clerks. State

who had access to them? A. There was no one had access to them except my employees.

Q. You stated before that Mr. Perkins had charge of the correspondence with these parties? A. Yes, sir; their names and addresses were all in a book kept exclusively for that purpose.

Q. There was a list made for that purpose? A. Yes, sir.

Q. State if that was under the control and custody of Mr. Perkins during your absence? A. It was.

Q. While you were in Europe, did you authorize Perkins or any one of your employees to disclose this list of names, or give it to anybody? A. No, sir.

Q. State if it was a private list or otherwise? A. It was a private list.

Q. While you were in Europe, state when you first discovered that circulars were being sent to these different parties by what was known as "The Western Farm Mortgage Co.?" A. I discovered it about the first week in June, I think.

Q. June, 1880? A. 1880.

Q. What did you discover at that time? A. I was informed from the office here at Lawrence and from the New York office, both by letter and telegram, that Perkins had been sending circulars to my Eastern customers.

Q. State whether you believe, when you published this article, that Mr. Perkins had sent to your confidential correspondents copies of his circulars of the Western Farm Mortgage Co., of which he was president, and which list of correspondents he had obtained while in your employ, and with letters accompanying the same, in many instances? (Objected to as being immaterial and incompetent; objection overruled.) A. I do believe it.

Q. State if you believed it at the time of the publication of the article? A. Yes, sir.

Q. Mr. Watkins, did you ever have any conversation

with Mr. Perkins in relation to the private character of that list of correspondents? A. Not directly.

Q. Did you see any circulars sent by Perkins in relation to the business of the Western Farm Mortgage Co. in the hands of any of your correspondents, on your return from Europe? A. I did not.

Q. Were any of them sent to you from your correspondents? A. A great many of them.

Q. State how you received them? A. I received them through the mail, in nearly every instance accompanied by a letter.

Q. Referring to them? A. Yes, sir.

Q. Accompanied by a letter from whom? A. From my correspondents, to whom they were addressed.

Q. How many did you receive before the publication, according to your best recollection? A. Letters and circulars, I should say twenty-five to forty.

Q. Before the first publication? A. Yes, sir.

Q. Where did these come from — from what parts of the country? A. They came from every State east of this and north of the Mason and Dixon line.

Q. Did you receive any from Europe? A. Not prior to the publication. My answer to the second question back was not limited prior to the publication, in regard to the number of States. I do not know from how many States the twenty-five or forty were received.

Q. Are those (handing witness some papers) the circulars you refer to as the same as having been received from your correspondents? A. They are.

Q. Do you know the handwriting of these letters? A. I do, sir.

Q. Well, here is the first letter, marked "Exhibit A." Examine that, and see whose handwriting it is in. A. That is in the handwriting of F. M. Perkins.

Q. Now, exhibit C? A. It is in the handwriting of F. M. Perkins.

Q. Exhibit F? A. Is in the handwriting of F. M. Perkins.

Q. Exhibit G? A. Exhibit G is in the handwriting of F. M. Perkins.

Q. Exhibit H? A. Is in the handwriting of L. H. Perkins.

Q. Exhibit I? A. That is in the handwriting of F. M. Perkins.

Q. Exhibit J? A. In the handwriting of L. H. Perkins.

Q. Exhibit K? A. That is in the handwriting of L. H. Perkins.

Q. The exhibit following exhibit K: whose handwriting is that? A. That is in the handwriting of L. H. Perkins.

Q. Exhibit L? A. In the handwriting of F. M. Perkins.

Q. Here is a letter dated May 25th, 1880, to Smith K. Randall; whose handwriting is that letter in? A. F. M. Perkins'.

Q. Here is one to Rev. N. Leighton, Tunkhannock, Pennsylvania, May 25th; in whose handwriting is that? A. F. M. Perkins'.

Q. One dated the 20th of May, 1880? A. That is in the handwriting of L. H. Perkins.

Q. Twentieth of May, 1880, to H. E. Ober? A. In the handwriting of L. H. Perkins.

Q. One to Ira Shattuck, Burlington, Vermont? A. That is in the handwriting of F. M. Perkins.

Q. One to Elihu H. Hoag, Keyesville, New York, May 20th? A. That is in the handwriting of L. H. Perkins.

Q. Rev. A. J. Hegeman, May 14th? A. That is in the handwriting of L. H. Perkins.

Q. One to James K. Kellogg, Tremont, Illinois, 12th of May, 1880? A. That is in the handwriting of L. H. Perkins.

Q. One to F. A. Henry, May 20th? A. That is in the handwriting of L. H. Perkins.

Q. One to Elijah A. Dyke, Perkinsville, Vermont, May 20th? A. That is in the handwriting of L. H. Perkins.

Q. Rev. J. F. Kendall, May 20th? A. In the handwriting of L. H. Perkins.

Q. Chas. M. Howlet? A. That is in the handwriting of L. H. Perkins.

Q. Here is an envelope; whose handwriting is that in? A. That is in the handwriting of L. H. Perkins.

Q. Another envelope? A. That is in the handwriting of L. H. Perkins.

Q. Mr. Watkins, you may state if the parties to whom these letters were addressed were some of your patrons whose names were contained in that private list? A. Yes, sir.

Q. Mr. Watkins, did you know a man by the name of C. W. Gillett? A. I knew him by sight; had no acquaintance with him.

Q. Was he the man referred to in this article? A. Yes, sir.

Q. Do you know L. H. Perkins? A. I do.

Q. In whose handwriting some of these letters were found to be? A. Yes, sir.

Q. Was he the L. H. Perkins referred to in your article as secretary of the Western Farm Mortgage Co.? A. Yes, sir.

Q. Was this the Gillett that was at Perkins' house when he could not come to settle with you? A. Yes, sir.

Q. Was there another Gillett here, that you knew anything about? A. No, sir.

Q. Was this C. W. Gillett referred to in the article in Lawrence at that time? A. I did not see him.

Q. Now, Mr. Watkins, state if you ever gave any employee of yours, Mr. Perkins included, any authority to explain your books and your method of doing business to any person? A. No, sir.

Q. Have you looked over these circulars and pamphlets, these cards that were issued by the Western Farm Mortgage Co.? A. Yes, sir; I have.

Q. You may state how the method of doing business — the advertised method — accords with your method — that you established — of doing business? A. My method is copied almost entirely in these circulars.

Q. You may state if Mr. F. M. Perkins ever did anything while he was in your employ, at your request or otherwise, in the way of soliciting or procuring patronage for your business — I mean outside of extending it? A. Only taking care of correspondence.

Q. State if he ever at any time had an interest with you as a partner in the business? A. No, sir; not any.

Q. You advertised as J. B. Watkins & Co., J. B. Watkins only doing business as J. B. Watkins & Co.? A. Yes, sir.

Q. During the time you were in Europe, did you ever receive any communication from Mr. Perkins? A. When I was in Europe in 1878 I did.

Q. What was the nature of that communication? Have you the letter? A. I have not the letter. I destroyed it, as is my custom when I return from Europe, with letters coming from the office.

Q. What was the purport of that communication? A. In June, I think, in 1878, when I was in London, I received from Mr. Perkins a letter stating that he desired to use some money — I think \$300, \$400, or \$500. He said that he could borrow the money in bank, but that if I would let him have it he preferred to get it of me. I answered him that I would loan him that amount of money—if he would execute to me a promissory note, drawing the same interest that would be charged by the bank, and assign to me mortgages, which he had, as collateral, and deposit the note and mortgages thus executed and assigned in the vault for me, he could have the money.

Q. Did he ever execute the note or mortgage? A. He did not.

Q. Did you ever receive any note or mortgage from him? A. No, sir.

Q. Mr. Watkins, what was Mr. Perkins' duty with regard to drawing drafts on New York? A. He was authorized to draw drafts on my account on New York.

Q. Well, what did he draw drafts for — for what purpose? A. For paying off loans, and wherever we had any money to pay out in the regular course of business.

Q. What was his instruction in regard to drawing when you had no money on deposit in New York? A. He was cautioned by me several times to be very careful and not draw on New York unless the funds were there; not to depend upon uncertainties — upon the floating drafts.

Q. That was the custom of your business? A. Yes, sir.

Q. You may state, Mr. Watkins, how you made loans on moneys deposited in New York. State how it was done in your office? A. My patrons deposited money to my credit, to be invested. It was sometimes sent by draft to the office here, and sometimes deposited in the National Bank of Commerce, where I keep an account; and we would take applications, investigate the security and the title, and place those upon file in the office to have money assigned upon them as we had it. It was the duty of F. M. Perkins to go to that particular pigeon-hole and get out those applications that were awaiting money, and assign them to some one. They were assigned to persons who had deposited money; assigned to Henry Dickinson sometimes for disposal; when the money was assigned upon them, the papers were drawn and sent to our agencies throughout the country to have them executed; and then, when they came in in proper form — the bond and title — they were paid off by check on Merchants' Bank or National Bank of Commerce. Those drafts were drawn by F. M. Perkins.

Q. Now, with regard to the drawing of drafts on New York or elsewhere, after these mortgages had been assigned, state what Perkins did just before he went out of

your employ? A. On the 29th of May, 1880, Perkins had assigned money on approved securities to the amount of \$30,000 to \$40,000. He had overdrawn the bank account to the amount of from \$10,000 to \$11,000, making liabilities of \$40,000 to \$50,000 without any money to meet them.

Q. State if you had any special liabilities of your own that had to be met on the first day of June, of which Mr. Perkins had a knowledge, in addition to these? A. Yes, sir. Interest-coupons which I had guaranteed.

Q. From whom did you receive those letters—those fifteen that we have spoken of? A. I received them through the mail.

Q. From whom? A. From the parties to whom they are addressed.

CROSS-EXAMINATION BY MR. BARKER.

Q. I believe you stated you were acquainted with Mr. Perkins before you came here. A. Yes, sir.

Q. That acquaintance began in Wisconsin? A. Yes, sir.

Q. You came here before he did? A. Yes, sir.

Q. About two or three years? A. Little over two years.

Q. You were in business when he came here? A. Yes, sir.

Q. Over Deichman's store? A. No, sir.

Q. Where? A. Under the National Bank.

Q. You commenced business over Deichman's store, did you not? A. Yes, sir.

Q. When? A. August 16, 1873.

Q. How long did you continue there? A. I left there the 1st of May, 1875.

Q. There you loaned money on personal security? A. In one instance I did.

Q. More than one? A. I don't remember but one instance.

Q. And from there you moved to the National Bank? A. Yes, sir.

Q. While you were over Mr. Deichman's store, whom did you have for clerks? A. W. C. White—(Mr. Barker: A brother-in-law of yours? Witness: Yes, sir) — and M. J. Dart.

Q. Those were the only clerks you employed until you went to the National Bank? A. Yes, sir.

Q. You kept books there, did you — when you were over Deichman's? A. Not regular books.

Q. Afterwards you adopted another style of book-keeping, did you — after Mr. Perkins came? A. We adopted a new cash-book and ledger.

Q. That was after Mr. Perkins came? A. Yes, sir.

Q. Your business had increased very much, had it not, until you went down there to the National Bank? A. Yes, sir.

Q. Had been increasing right along? A. Yes, sir.

Q. And a great deal more work to be done? A. Yes, sir.

Q. You stated that Mr. Perkins kept the books — the two books? A. He kept the cash-book and ledger.

Q. And you stated that you discovered, some time in October, 1879, that he was short? A. Yes, sir.

Q. You discovered that by an examination of the books? A. I did.

Q. Discovered that fact? A. Yes, sir.

Q. An examination of the books which were kept by him? A. Yes, sir.

Q. Examining entries that were in his own handwriting? A. Yes, sir.

Q. About how early in 1879 was it? A. I believe it was in October.

Q. It might have been earlier? A. It might.

Q. It could not have been as early as August, 1879? A. My best recollection is that it was in October.

Q. Have you a distinct recollection of what time it was?

A. Within a few weeks.

Q. It might have been a few weeks earlier or later than that? A. It would be more likely to be longer — earlier than later.

Q. How soon after that did you make your arrangements to go to Europe — after October? A. I was making my arrangements then, but the time not definitely set.

Q. How soon after did you fix the time for going to Europe? A. Probably in November.

Q. And you were to start in April? A. Yes, sir.

Q. But then your business engagements were not advertised as far ahead as you stated in your direct examination. Are you not mistaken in regard to that? A. I do not know how long they were advertised.

Q. Do you know when you made them? A. I think it was the latter part of February, or first of March.

Q. How were they made — by correspondence? A. Yes, sir.

Q. Who did that corresponding? A. I did, I believe.

Q. Did Mr. Perkins do any of that corresponding? A. I don't think he did.

Q. When you examined these accounts, you found, for instance, that he would be charged with \$5 on a certain page and \$10 on another page — he had charged himself with that amount? A. Items from \$1 up to some hundreds of dollars.

Q. And running over how long a space of time? A. I think the first overdraft was in the fall of 1877.

Q. Previous to that, when Mr. Perkins first came into your employ, he had some money, did he not? A. Probably \$700.

Q. That was deposited with you, was it not? A. No, sir; I borrowed it.

Q. Did you pay him this money at various times? A. No, sir.

Q. Did you pay it to him all at once? A. He drew checks. When he made a check or paid out any he charged it.

Q. But how did you repay this money which you borrowed of him? A. He drew it himself.

Q. That is, he drew it out of your business and gave you credit for it? A. He gave me credit for it.

Q. And when he deposited it he credited himself on the books? A. No, sir; I gave him a promissory note.

Q. And when he drew out, he credited you with it on the books? A. I think it was indorsed on the note.

Q. For the first year, or such a matter, that Mr. Perkins was in your employ, you were in debt to him nearly all the time? A. I owed him salary more or less all the time.

Q. And these same books which you examined would show that you were in debt to Mr. Perkins \$200 or \$300 at a time? A. I don't remember the amount; it might have reached that amount.

Q. When he did not draw his salary, he simply gave himself credit for it? A. Yes, sir.

Q. And when he did he charged himself with it? A. Yes, sir.

Q. And that is the way it was done? A. That was the way it was in the cash-book.

Q. And when you settled up with him, you say you charged him twelve per cent interest? Did you have any agreement in writing by which he was to pay interest on these overdrafts? A. No, sir.

Q. Did you allow him any credit on balances in his favor there? A. No, sir.

Q. You simply took these various amounts which he had overdrawn, and charged him twelve per cent interest on them? A. I figured at that rate.

Q. Do you know how you made the computation? A. No, sir.

Q. Now, you made that computation on a piece of paper, did you not? A. I believe I did.

Q. And that is not in existence? A. I have not got it.

Q. Did Mr. Perkins refuse to pay twelve per cent? A. No, sir.

Q. Did he pay twelve per cent? A. He did not.

Q. Now, you remember you testified in regard to this same matter before Judge Steele that he objected to pay twelve per cent? A. I think he made such a remark — that it was too steep.

Q. Did you not once testify that Mr. Perkins objected to paying twelve per cent? A. I do not remember.

Q. You don't remember your testimony upon that subject, then? A. I do not.

Q. You do now recollect that it was pretty steep, or high? A. I recollect that there was something said; there was very little said by him.

Q. You stated that Mr. Perkins had charge of your financial matters, kept books, had authority to draw drafts and pay all claims. Did he have authority to sign your name to drafts? A. Yes, sir.

Q. And he had that authority, did he not, over your various bank-accounts, wherever they were situated, except in London? A. Yes, sir.

Q. You kept an account, I believe, in New York and in Lawrence. Any other place on this continent? A. No, sir.

Q. And those, with the exception of the London account, he had authority to draw drafts upon? A. Yes, sir.

Q. And on the two accounts here Mr. Perkins had full authority to draw drafts and use your name as he saw fit? A. He had authority to draw drafts.

Q. That had reference to the Merchants' Bank, and what bank in New York? A. With the National Bank of Commerce.

Q. And the October previous, where did you keep it? A. With the National Bank of Commerce.

Q. From October, 1879, until you left here for Europe you kept your account with the National Bank of Commerce and the Merchants' Bank here? A. I kept my account with the Merchants' Bank from the day it was established.

Q. What time did you leave here for Europe—I mean the exact date? A. My recollection is that I left on Wednesday, which was the 26th or 27th of April.

Q. And you went direct from here to New York? A. I stopped one day in St. Louis, I believe.

Q. What time did you arrive in New York? A. I believe I stopped one or two days in Pennsylvania. I arrived in New York the 1st or 2d day of May.

Q. How long did you remain in New York? A. I left New York on the 8th day of May, 1880.

Q. How long were you gone—that is, from the time you left New York until you returned to New York again? A. I returned to New York the 5th day of September, 1880.

Q. Then on the 29th of May, 1880, where were you? A. I was in London, I believe.

Q. You are positive that you were in London? A. I am.

Q. Now, whose duty was it to receive the money paid into your institution in October, 1879? A. F. M. Perkins'.

Q. Was that duty conferred upon him solely? A. Yes, sir, unless he was temporarily absent, when some one would receive it and turn it over to him. If I received it myself I accounted for it to him.

Q. The only person authorized to receive money in your business was Mr. Perkins? A. Yes, sir.

Q. And that authority continued until you went away to Europe? A. Yes, sir.

Q. Now, at the time you went away to Europe you had balances in bank? A. I did.

Q. Do you remember how much you had in the Merchants' Bank? A. I do not know, sir.

Q. Can you approximate? A. I do not know, sir. My credit in Merchants' Bank was from \$2,000 (I think it hardly ever got below that—it did sometimes) to \$60,000.

Q. What was there to your credit at the time you left for the East — I am speaking now about the 27th of April, 1880?

A. There may have been \$30,000; and when I say that, I may not come within \$20,000.

Q. You cannot tell at the time you left for your European trip within \$20,000? — A. No, sir; I cannot say.

Q. Now in the National Bank of Commerce, how much did you have? A. I do not know.

Q. Approximate as near as you can. A. I may have had \$20,000 to \$100,000.

Q. State as near as you can, Mr. Watkins, how much you had? A. I have no reliable means of knowing.

Q. You have no knowledge? You cannot tell within \$60,000 how much money you had in the National Bank of Commerce about the 27th of April, 1880? A. I do not know.

Q. Can you tell within \$50,000? A. I cannot say positively that I can.

Q. Can you tell within \$75,000? A. I might, and yet I might not.

Q. It would simply be a guess at any event? A. Yes, sir; in either case it would be a guess, because I have not refreshed my memory.

Q. You recollect testifying on this same matter before Judge Steele? A. I do.

Q. State if you did not testify that you had in the neighborhood of \$150,000 in bank at that time? A. I may have so testified, but I had previously refreshed my memory from the books.

Q. Your statement then was correct, was it? A. My statement then would be more reliable than now, because I had refreshed my memory.

Q. Your memory is not very good? A. I have an average good memory.

Q. You can remember then that you testified to having \$100,000 or \$150,000 in bank? A. I do not remember

definitely as to what I testified there as to the amount of money.

Q. Now, whatever money was in those banks at that time was subject to the order of F. M. Perkins, was it not? A. He, with others.

Q. Every dollar of the money which you had in the National Bank of Commerce and in the Merchants' Bank was subject to the check or draft of F. M. Perkins?

A. Yes, sir.

Q. And he could have drawn every cent of it if he chose?

A. Yes, sir.

Q. You and Mr. Perkins had more than one conversation in regard to an increase of salary, did you not? A. I think we had more than one.

Q. You had one at the time you were going to the depot at North Lawrence? A. Yes, sir.

Q. He wanted an increase of salary then? A. Yes, sir.

Q. But you did not give him any satisfaction did you?

A. I did not tell him I would increase his salary.

Q. Now, previous to that you had a conversation with him in regard to salary? A. I think he had spoken to me about it.

Q. Do you remember when it was? A. I have a very vague idea; I do not know anything about the time or place.

Q. You had been away somewhere on that occasion, and when you returned Mr. Perkins approached you on the subject of an increase of salary, did he not? A. I do not remember.

Q. You remember of having more than one conversation?

A. Yes, sir.

Q. In the conversation previous to going over to the K. P. depot with him, did he not tell you that your business was increasing so, and that his responsibility was becoming greater, and that you could afford to pay him more? A. I believe on one occasion he used that as an argument.

Q. But you do not know on what occasion? A. I think he used it on both occasions.

Q. That he spoke of your good profits and the amount of money you were making? A. Yes, sir.

Q. Your business increased more rapidly in proportion than you increased your clerk hire, did it not? A. Well, in one sense it did; and in another it did not.

Q. I believe you claim that he had drawn \$2,578.08; he paid you \$2,800, did he not? A. Yes, sir.

Q. \$2,400 in cash on the 27th of April and his note for \$400? A. Yes, sir.

Q. Which note he afterwards paid? A. Yes, sir.

Q. This was paid to you in the office, was it not? A. It was not paid to me; it was passed to my account.

Q. It was turned into your business? A. Yes, sir.

Q. It was simply passed to your credit at the bank where you kept an account? A. Yes, sir.

Q. Was this note delivered to you? A. I believe it was.

Q. I was going to ask you if Mr. Perkins did not take charge of that note also. Have you a recollection of that note being delivered to you? A. I believe I wrote the note at his request, and he signed it, and I may have told him to put it away in the vault.

Q. Now, after all this was fixed up, you had a talk then and there, did you not, about his remaining in your employ? A. I think so.

Q. Now, was not all the talk about his remaining in your employ in reference to notice to be given by him? A. I think it was.

Q. And occurred on that day that he made payment to you? A. I am not positive whether it occurred that afternoon or the next day.

Q. Is it not your best judgment that it occurred that day after he had made payment, and that you did not so testify before Judge Steele? A. I think it did; it may have been the next day.

Q. But you have no recollection of having more than one conversation with him, after this settlement about his remaining in your employment? A. Just one, I think.

Q. Now, he desired an increase of salary again, did he not? A. He asked for it.

Q. You stated to him, as a reason for not increasing his salary, the favorable settlement which you had given him?

A. That was mentioned.

Q. What else was said there in regard to that? Was there anything said, or any other reason given, why you should not increase his pay, except the favorable settlement which you had made with him? A. I told him I could not increase his pay.

Q. In that connection did you allude to the favorable settlement which you made with him? A. I did.

Q. Now, in that conversation did you not desire to make some arrangement with him about his remaining with you, and giving you six months' notice if he left? A. No, sir.

Q. Do you mean to say that, on that occasion, you had no conversation about his remaining in your employment and giving you six months' notice if he intended to quit?

A. There was something said about notice.

Q. Something was said in regard to some drafts being drawn, and you had no balance in New York. You were in New York at that time, were you not? A. No, sir.

Q. You were in Europe at that time? A. I was.

Q. How did you find out since you have returned? A. From my books and records.

Q. What books have you that would show the condition of your bank account in New York at that time? A. A book we keep with the bank.

Q. Have you it here? A. No, sir.

Q. Is it at your office? A. Yes, sir.

Q. Now, I wish you would explain to the court and jury fully this overdraft business. You stated that it included some personal liabilities, of which Mr. Perkins had knowledge? A. I think that expression "personal liabilities" was used by Judge Thacher, and my answer was that that was included in the amount given.

Q. What did you mean by Judge Thacher's testimony

and yours put together? What did you mean by personal liability? A. I meant that there was an amount of interest to be met on the first day of June—interest on loans that I had negotiated.

Q. Do you know how much that amounted to? A. From \$2,000 to \$3,000.

Q. And what was the balance of this composed of? A. Outstanding checks and drafts.

Q. Was that interest paid on the first day of June? A. It was paid as the coupons were presented.

Q. Now, in regard to these outstanding drafts, what do you know of them? Will you mention one of them, and state the number and amount? A. I cannot tell anything about it.

Q. Cannot you mention one of them? A. No, sir.

Q. You stated they amounted, with this interest, to about \$40,000, did you not? A. Not outstanding drafts.

Q. What was the amount of the outstanding drafts? A. The amount of the outstanding drafts was about \$10,000.

Q. What was this liability which you state that Mr. Perkins created, of some \$40,000? What was the other \$30,000 composed of? A. That \$30,000 was papers that he had shoved out through the country, and as they came in they had to be paid for.

Q. You did not have the money to pay for them? A. No, sir.

Q. If you do not know within \$50,000 or \$75,000 how much money you had, how do you know there was money there to meet them or not? A. I did not testify how much money I had at that time.

Q. This was the 1st of June? A. This was the 29th of May.

Q. When you were in Europe you knew better how much money you had here than when you were here? A. No, sir.

Q. Now what book is it that will show us this matter of assignments? A. There is no one book, I think.

Q. Well, two books? Loan register, or anything of that sort? A. No, sir, that will not show; it is merely an account of assignments.

Q. You do not know what book it is? A. We call it No. 6.

Q. I want an explanation how these assignments created a liability. Take one assignment and explain that. Witness: I stated No. 6. I think it is Nos. 7, 8, and 9, we used at that date.

Q. By the way, you are a lawyer as well as a loan agent, are you not? A. I am.

Q. Well, take one instance and explain it. A. Mr. Perkins would take up an approved security for \$1,000 and order that a bond and mortgage be drawn in favor of some one for \$1,000, and send it to Washington County, for instance, for execution.

Q. To the party who wanted to make the loan? A. To our agent in the neighborhood of the party who wanted to make the loan; when the bond was returned to our office we were bound to send him \$1,000.

Q. Returned and approved? A. Yes, sir.

Q. Then I understand that you did not send them the money of any particular person, but you would turn over to the parties sending you money to loan securities which you had on hand? A. We did that sometimes; we never loaned out the identical money.

Q. You would turn over to your correspondents such securities as you happened to have. For instance, a gentleman in New York would send you \$2,000; you would have securities on hand which you would turn over or assign to him? A. No, sir; we would draw papers in his name.

Q. Always? A. Not always; generally.

Q. Then you say he had sent out a loan; that is to say, he had approved the loan, did he not? A person would send in his application with his security, and Mr. Perkins examined that? A. No, sir.

Q. Did somebody else examine them, approve, and then

forward them to be executed? A. After they were approved they went into Mr. Perkins's charge.

Q. Well, the application has to be approved, and the security has to be approved? A. Yes, sir.

Q. Then after the application is approved, papers are to be executed? A. Not necessarily.

Q. Now what do you know about this \$30,000 of assignment of loans? A. Only from the records.

Q. You cannot mention any instance of that kind? A. I cannot give any names.

Q. Then I understand that in June, 1880, that notwithstanding you had this \$30,000 securities, there was \$8,000 drafts outstanding and you owed \$2,000 interest. You did not have money anywhere to meet those obligations?

A. Yes, sir.

Q. Neither in London, nor in New York, nor in the Merchants' Bank? A. We had no money in the Merchants' Bank, none in New York, and very little in London.

Q. And you did not have money enough to meet \$30,000? A. No, sir.

Q. Now, in your business you took a second mortgage for your commission? A. Sometimes.

Q. It is common? A. It is the exception.

Q. You loan the money for so much and take your pay in cash, and where the cash cannot be paid, you take a second mortgage? A. Yes, sir.

Q. You were carrying for a long time a large line of mortgages of your own? A. Not all the time.

Q. But at this time? A. Yes, sir.

Q. Quite a large amount of them? A. Yes, sir.

Q. They were the assets of J. B. Watkins & Co.? A. Yes, sir.

Q. Did you not often sell these mortgages, and realize the money on them in that way? A. Not unless we needed the funds.

Q. Then if you needed the funds you sold the securities? A. Yes, sir.

Q. It was your object to keep out all the money you could and keep it drawing interest, was it not? A. I did not want any more in bank than I needed.

Q. And in addition to these notes and mortgages, you held a large amount of tax-sale certificates, did you not?

A. Yes, sir.

Q. And what would they amount to? A. I do not know.

Q. Can you approximate? A. No, sir; I cannot.

Q. Can you approximate within \$20,000 of how much your tax-sale certificates amounted to in June? A. No, sir.

Q. You stated that you caused this to be published (handing witness a paper)? A. Yes, sir.

Q. You caused it to be published in the *Kansas City Times*? A. Yes, sir.

Q. Paid for its publication? A. I did.

Q. You caused it to be published in the *Kansas City Journal*? A. Yes, sir.

Q. Paid for its publication in that? A. Yes, sir.

Q. How much did you pay for its publication in the *Kansas City Times*? A. \$100.

Q. How much did you pay for its publication in the *Kansas City Journal*? A. I paid \$40.

Q. How much did you pay for its publication in the *Kansas City Mail*? Witness. I want to correct as to the *Journal*—I paid \$30; and for the *Mail*, \$40.

Q. How much did you pay the *Lawrence Tribune* for the publication of this article? A. I do not know.

Q. Can you approximate about how much? A. No, sir; for the publication of that, together with some other matters, I paid \$50.

Q. Was that other matter a printed handbill and circular? A. That was one of the items.

Q. How much did you pay for the handbills and circulars? A. The handbill was one of the items in the \$50 payment.

Q. The publication of that article in the paper and in the handbill form were all the items that made up the \$50 bill?

A. They were two of the items that made up the \$50 bill.

Q. Do you know how much you paid for these handbills?

A. I do not know what proportion of the \$50.

Q. You may state to the jury now, as near as you can, how many papers containing this article you have ordered from the Lawrence *Tribune* and circulated through the mails and various other ways. A. Probably in the neighborhood of 18,000.

Q. You sent those to every State north of the Mason and Dixon line? A. I do not know, sir.

Q. How many papers of the Kansas City *Journal* containing this article did you cause to be circulated prior to February 5, 1881? A. Perhaps 8 or 10 copies.

Q. Did you get extra editions of the *Times* also? A. I did not.

Q. This institution called the Western Farm Mortgage Co. is engaged in a business similar to yours, is it not? A. I don't know, sir.

Q. You don't know anything about their business? A. I never was in their office.

Q. Do you know anything about the character of the business, whether they are loaning money or not? A. They represent by their circulars that they are engaged in that business.

Q. And that is your understanding? A. Yes, sir.

Q. I understand that their method of doing business is similar to yours? A. I stated that they largely copied from ours, their circulars and blanks.

Q. What circulars have you reference to? A. I have reference to that pamphlet you have there.

Q. The circular which has been exhibited to you? A. Yes, sir.

Q. Now, what forms are there which you refer to as being so similar to yours? A. Their mortgage is somewhat similar, and their bond.

Q. Now, what peculiarity is there about your bond and

mortgage? A. My bond and mortgage, and all my blanks, were gotten up by myself.

Q. Now these mortgages have been sent to every organized county in this State, have they not? A. I presume they have.

Q. You stated something about a list of confidential correspondents that you had, I believe? A. Yes, sir.

Q. Are they kept in a sealed book, or anything of that sort? A. There is a book devoted to that purpose.

Q. Which contains solely the names of your correspondents? A. Their names and addresses.

Q. And nothing else? A. No, sir.

Q. And with every correspondent with whom you did business you have an account, do you not? A. No, sir.

Q. Do you not have an account with your correspondents? A. Not what might be called an account.

Q. When you loaned any money for one of your correspondents your book shows that amount, does it not? A. The amount of money deposited is in another book.

Q. And under the name of the person to whom it is credited? A. Opposite the name.

Q. So that any one who had access to your books could see the names? A. He could see the names, but he could not find the addresses.

Q. You did not put the business addresses in your general book? A. No, sir.

Q. Mr. Perkins had charge of this branch of the business, and also correspondence was one of his branches? A. Yes, sir.

Q. Did he take up that part of the business of your institution when he first went in? A. Since he learned the business; I assisted him for awhile.

Q. And after he became familiar with it, you intrusted that branch to him pretty much — more so than the other clerks? A. Yes, sir.

Q. This book was kept in the vault with your other books, open to the inspection of your ordinary clerks? A. The

book is placed in the vault ; during the day sometimes it is out.

Q. Out with other books used in your business? A. Yes, sir.

Q. And there were no instructions to clerks not to look at that book? A. No, sir.

Q. Mr. Watkins, when you left Lawrence for Europe in April, 1880, how long did you intend being absent? A. Until fall — about six months.

Q. You stated something about Mr. Perkins, and your contract or arrangement with him. Did you have any written contract or arrangement with him in regard to his employment? A. No, sir ; I did not.

Q. They were mere verbal arrangements? A. Yes, sir.

Q. Did not negotiations open between you by letter? A. Before he came to the State there were letters back and forth about his coming.

Q. And coming into your employ? A. Yes, sir.

Q. Have you the letters that you received from him? A. I do not think I have.

Q. But it was from this correspondence that he came here? A. He came here to go into my employ.

Q. And did go into your employ? A. Yes, sir.

Q. Did he not deposit money with you at various times? Were you not in debt to him at various times? A. I never was in debt to him, in the sense of debt.

Q. State if on April 30, 1877, you did not owe him \$185?

A. I cannot tell without referring to the books.

Q. In regard to May, 1877, state if you did not owe him \$240.60? A. I cannot tell you anything about those figures without referring to the books.

Q. Did you not testify to those statements before Judge Steele? A. I testified from the books ; I am not supposed to know those figures now.

Q. And you do not know whether you owed him at those various times or not? A. There were times when he had a balance due him ; I do not know the dates or amounts.

Q. State if you were not in debt to him from April, 1877, until June, 1878, all the time? A. I was in debt to him all the time from the time he came into my employ until December, 1877.

Q. Now, I will ask you from April, 1877, until June, 1878, were you not in debt to him all the time? A. No, sir.

Q. If from April 30, 1877, until April 30, 1878, you were not in debt to him all the time? A. No, sir.

Q. On the 1st of January, 1878, you were in debt to him in the sum of over \$100? A. My recollection is that he had used some of my money, and had not paid it back until after the 1st of January, 1878.

Q. Will you answer my question directly? A. I do not think I did, yet I cannot tell positively.

Q. Did you not before Judge Steele testify that you owed Perkins over \$100? A. If I so testified it was from the books.

Q. Now is it not a fact that up to this time, January 1, 1878, you had been continuously in debt to Mr. F. M. Perkins? A. No, sir.

Q. Now will you state when and on what day, between the dates I have mentioned, you were not in debt to Mr. Perkins? A. In the month of December, 1877, he had converted some of my money.

Q. How do you know in regard to that matter? A. The books show it.

Q. What books? A. The cash-book and ledger.

Q. Now, you remember that distinctly — in regard to the \$97 — that was in December, 1877? A. I believe that was the amount.

Q. State if on January 1, 1878, you did not owe him \$107.18? A. My recollection is that the change occurred in January sometime.

Q. State whether you did not owe him in January? A. In January, towards the latter part, I did owe him some money.

Q. Do you recollect how much? A. No, sir.

Q. Now from April 30, 1877, until December of the same year, was there a single month but what you owed him a balance? A. No, sir.

Q. On September 30, 1877, did you not owe him \$498.30?

A. I owed him something; I cannot tell you how much.

Q. Did you not owe him in the neighborhood of that amount? A. I do not know, sir.

Q. Can't you tell whether it was \$100 or \$400? A. No, sir.

Q. Did not Mr. Perkins, in the months of May, July, and August, 1877, deposit money with you? A. I do not know; I presume he did.

Q. Did he not in September, 1877, deposit with you \$705? A. I do not know, sir.

Q. Did you not testify before Judge Steele that in September, 1877, he (Perkins) deposited with you \$705? A. I was testifying from the books, and whatever I testified to is correct. I have not the books before me now.

Q. Do you remember the date of the first publication of that article? A. I believe the 2d of December, 1880.

Q. Are you acquainted with C. C. Thacher, who was at that time local editor of the *Journal*? A. Yes, sir.

Q. Did you not about that time take this article — I mean the substance — to him, and desire to have him insert it in the *Lawrence Daily Journal*, and did he not decline on the ground that it was libelous, and state to you in that connection that such an article as that would ruin his (Perkins') business; and did you not state in answer to that, that that was what you desired? A. Perhaps the date was one or two days prior, being the last day of November, or 1st day of December. I presented such an article to C. C. Thacher, and asked him to insert it in the *Journal*.

Q. What reply did he make to that? A. He read the article over and he said, "Why, that will kill Perkins." I said, "I cannot help it; it is true."

Q. Is that all that he said in regard to it? A. Yes, sir.

Q. Did you write that letter (handing witness a letter)? A. I did.

Q. And sent it to the person to whom it is addressed?

A. I do not know that I addressed and mailed it.

Q. You caused it to be sent? A. Yes, sir.

Q. Did you cause that to be printed upon your typewriter (handing witness another letter.) A. Yes, sir.

Q. That is your signature? A. Yes, sir.

Mr. Barker (handing witness some papers): State if you caused that article, with the slips attached, to be sent to the various newspapers throughout the country? A. I never attached those slips.

Q. Well, did it accompany the circular? A. It did.

Q. You caused that slip to be printed, did you not? A. Yes, sir.

Mr. Barker (handing witness a letter): State if you caused that to be written and sent. A. No, sir.

Q. Is that your handwriting? A. No, sir.

Q. Whose handwriting is that—do you know? A. I do.

Q. Whose is it? A. M. J. Dart's.

Q. A clerk in your office? A. Yes, sir.

Q. This letter was sent with your knowledge and consent? A. I never saw it.

Q. Never knew anything about it? A. No, sir.

Q. Mr. Dart never called your attention to the fact that he sent such a letter? A. I was informed that such letters were sent.

Q. Prior to the 2d of November, 1880? A. Yes, sir.

Mr. Barker (handing witness a copy of the *Star Spangled Banner*): State whether you caused the article which is marked there with pencil to be published in that paper? A. No, sir.

Q. You knew nothing of the publication? A. I was informed that they had published a statement.

Q. Did you procure that to be published? A. No, sir.

Q. Have you caused to be circulated papers with that in?
A. I have.

Q. How many? A. I believe that was published after this suit was brought.

Q. I asked to what extent you have caused this paper to be circulated? A. I think I have caused 1,500 copies to be circulated.

Mr. Barker (handing witness another copy of the *Star Spangled Banner*): I will ask you to what extent you have caused the papers containing this article to be circulated?
A. Perhaps five hundred or six hundred copies.

Q. Are those from your home office here? A. Yes, sir.

Q. The J. T. Warne alluded to in that article is the Mr. Warne who is engaged in the hardware business here on Massachusetts Street? A. Yes, sir.

RE-DIRECT EXAMINATION.

Q. Mr. Watkins, you have been asked with respect to indebtedness to Perkins. State whether there was that indebtedness, what it was for, how it accrued, and whether there was any request on your part. A. When Perkins came into my employ he brought with him \$700, which I borrowed, and during the first eight months of his being with me he loaned it out in small amounts, and then the note was surrendered.

Q. Do I understand that you gave him your note for \$700? A. Yes, sir; at ten per cent interest.

Q. Who took the notes that he loaned out? A. He did.

Q. And indorsed on your note a credit? A. Yes, sir.

Q. And he finally loaned out all this \$700 and took the notes himself? A. Yes, sir.

Q. And surrendered your note when he got it all loaned out? A. Yes, sir. As these short-time loans matured and the money came back to him, without any instructions or directions on my part he voluntarily put the money to my account for safe keeping.

Q. Was there at any time a request on your part that he should trust you one dollar? A. Never.

Q. Where the books show these small balances due him, what was it for? A. It was for salary.

Q. For salary that he had given himself credit for on the books? A. Yes, sir. As the loans matured and were paid in to him he placed them to his credit on my books, and his salary was placed to his credit on my books; and as soon as he had opportunity to make any other loans he did so. In this he used my office, force, stationery, etc.

Q. State whether you examined these accounts or whether they were all kept by him? A. They were all kept by him.

Q. You may state up to what time he carried from the miscellaneous cash-book, where so many items were — up to what time he carried and posted it on the ledger? A. He posted the ledger, carried the items from the cash-book regularly, and struck balances at the end of every month, until the 1st of June, 1878. The last balance that he struck on the books was the last day of May, 1878.

Q. After that did he make any balances on the ledger? A. Not a balance.

Q. And when did he stop even taking the items of his account from the cash-book to the ledger? A. The summer or fall of 1878.

Q. When was your attention called to the last balance that he struck upon the ledger? A. My attention was called to that this last fall.

Q. By whom? A. I looked at it myself.

Q. Did you have any conversation with Mr. Dart about it? A. Not at that time.

Q. At the time he struck the last balance, in what condition did the books show his account to be? A. They showed a balance against him of \$432.

Q. From that time on until he left he never struck a balance on your books? A. No, sir.

Q. You have been asked by Mr. Barker whether Mr.

Perkins could not have drawn out the sums of money that were placed to your credit at any time. Could he have drawn them out in his own name? A. No, sir; not any of them.

Q. He had authority to sign your name. That is all you meant by that? A. Yes, sir.

Q. Simply for the payment of drafts for loans made? A. Payment of anything I was entitled to pay — drafts for loans, and other obligations.

Q. Now, when you went away in the last of April, 1880, you stated you were to be gone six months? A. It was my intention to be gone about that length of time.

Q. Did Mr. Perkins understand that? A. Yes, sir.

Q. What was there with respect to his being permitted to stay with you until your return? What was there about six months' notice? A. I told him he could remain there until I returned from Europe.

Q. Was there anything further with respect to his having six months' notice, or anything of that sort? A. No, sir; there was no time of notice mentioned; the subject of notice was mentioned, but no time.

Q. Now, state with respect to the force you had in the office. Were there any familiar with Mr. Perkins's part of the business, and was there not almost an absolute necessity of Mr. Perkins to look after your affairs? A. Mr. Perkins had a very responsible department,— that of finances,—and aside from myself there were none in the office except Mr. Perkins who knew anything about it. I was going to Europe, and it seemed necessary to keep him there for the time being.

Q. Now, Mr. Barker asked you with respect to the moneys that you were obliged to meet at the National Bank of Commerce, in New York, on or about the 1st of June. He asked you with respect to what it was and why it was. I want you to state with reference to the loans guaranteed by you. A. I stated yesterday that the bank account was overdrawn in the neighborhood of \$10,000. I estimated

the coupons that were maturing the first day of June at \$2,000, and which were guaranteed by me. Refreshing my memory, I find that the coupons maturing the first day of June, which I had guaranteed, was between \$6,000 and \$7,000. I also find that there was \$4,300 principal maturing, which I would have to meet at that time.

Q. Now, passing to that question of tax-sale certificates which Mr. Barker drew out, state whether you had any body of tax-sale certificates that you had invested in at all? A. I never bought or owned a tax-sale certificate in my life, except it was bought to protect my mortgage interest.

Q. That is, it was upon lands upon which you had taken mortgages? A. Yes, sir.

Q. Now, referring to that confidential list of correspondents in the East and Europe, state what precautions were taken, to Mr. Perkins's knowledge to keep that secret. A. We had a separate book in which the name and address of our correspondents were kept. It was understood by all in the office that that was a private matter.

Q. How did you prevent these addresses being learned at all, and why? A. We never entered the address in any mortgage or any paper that went out of our office, for the purpose of preventing outsiders from learning the whereabouts of our correspondents.

Q. Now, in connection with that I wish you to state what it had cost you to secure these correspondents in the East and in Europe? A. About \$60,000.

Q. Your soliciting, advertising, travelling, etc.? A. Yes, sir; and supporting an office in New York and one in London.

L. H. Perkins was called and sworn.

DIRECT EXAMINATION OF L. H. PERKINS.

Q. Mr. Perkins, are you the individual mentioned here as secretary of the Western Farm Mortgage Company? A. Yes, sir.

Q. Are you a brother of F. M. Perkins? A. Yes, sir.

Q. Look over those letters (handing witness some letters). Did you write them? A. I did.

Q. And sent them to the parties to whom they are addressed. A. I did.

Q. State to the court and jury where you got that list of names to send those letters to. A. I got them of F. M. Perkins.

Q. Did you send them by his direction and knowledge? A. I think he knew it.

Q. I asked you if they were sent out with his knowledge? A. They were.

Q. And F. M. Perkins was president of the Western Farm Mortgage Company? A. I don't understand that question.

Q. He is the same person who is mentioned as president of the Western Farm Mortgage Company in that article?

A. Yes, sir; he is the same person.

Q. Have you examined the letters in the depositions? A. I have.

Q. Is your answer the same to those? A. It is.

CROSS-EXAMINATION.

Q. Those letters you will see by examination were written before the organization of your company? A. Yes, sir.

Q. Now, in reference to those names, you may state what you know in regard to them. A. Well, the facts in the case are just simply these: Mr. F. M. Perkins and I would sit down together of an evening, and he would write out a list of names and I would write out a list, and on the next day I would send out our first prospectus to those parties.

Q. Where was that done — in your office? A. It was done after supper.

Q. At home? A. Yes, sir.

Q. Did F. M. Perkins ever have a list of any of these persons? A. Had no list whatever, except what he wrote on slips of paper.

Q. And was not made up from any list from the office of Mr. Watkins? A. Made up from no list; made up just as I made up mine; I had a large acquaintance with educational men throughout the country; have had for many years.

Q. And that is the way you made up the list? It was from your recollection and his recollection of these parties and their addresses? A. That is precisely the way.

RE-DIRECT.

Q. Where were these lists made (handing witness some lists of names)? A. I think probably this part of those names we wrote down in the way I mentioned; I cannot say positively.

Q. Did you furnish these names? A. I do not think so.

Q. Then Mr. F. M. Perkins furnished them? A. I suppose he did.

Q. You say they were made at the office? A. I think the memorandum I made was made mostly in the evening at home.

Q. Where was your office at this time, and the office of this company? A. It was over the library.

Q. Where it is now? A. Yes, sir.

Q. When did you occupy that office first? A. About the second week in May, 1880.

Q. When did you rent it? A. I think it was on the 11th or 12th of May.

Q. Was Mr. F. M. Perkins in the office during the daytime frequently after you opened it? A. Not to work; he was in and out frequently.

Q. Was he consulting about this list of names? A. No, sir.

Q. Where were these consultations had? A. At the house.

Q. How large a list of names did F. M. Perkins furnish you to send out circulars to? A. I have no idea.

Q. Did he furnish you several hundred names? A. I cannot say.

Q. What is your best recollection? A. My best recollection is that he did.

Q. Were these names of men in the East? A. That is what we were sending them for — to get money from the East.

Q. I understood you to say that you were not organized on the 4th of May. Were you organized at that time? A. The organization was not completed.

Q. Had you made any loans at that time? A. We had not.

Q. At the date of many of these letters you state you had made no loans. When are the first loans that you made dated? A. I think they are dated the 1st of June.

Q. When were they made? A. During the month of June.

Q. Was that the first you began in the loaning business — taking applications? A. I do not remember.

Q. Well, was it the 10th of June? A. I stated they were dated the 1st of June.

Q. When did you commence making loans? A. I should say the 1st of June.

Q. Did I understand you to say that these circulars were sent only East? Did you send them West, too? A. We sent some matter West, but not of that kind.

Q. When did you send West? A. About the same time.

Q. You talked over the persons that you addressed letters to? A. Yes, sir.

Q. That was thoroughly understood by your brother when those letters were sent? A. Yes, sir.

Here were introduced and read in evidence the depositions of twenty-nine different persons, as follows :

*DISTRICT COURT, COUNTY OF DOUGLAS,
STATE OF KANSAS.*

FRANCIS M. PERKINS }
 vs. }
JABEZ B. WATKINS. }

Depositions of sundry witnesses taken before me, Charles L. Walker, a notary public, within and for the city and county of New York, in the State of New York, on the fourth day of April, in the year 1881, between the hours of ten o'clock A. M. and five o'clock P. M., at J. B. Watkins & Co.'s office, No. 243 Broadway, in said city and county of New York, pursuant to the annexed notice to be read in evidence, in behalf of the defendant in the said action.

Villeroy D. Reed, of lawful age, being by me first duly examined, cautioned, and solemnly sworn to testify the truth, the whole truth, and nothing but the truth, deposeth and saith, that: I reside at Camden, New Jersey; I have lived there several years; I am a clergyman; am sixty-five years of age; I have transacted business with J. B. Watkins & Co., of Lawrence, Kansas, for several years, in loaning money through them on Western farm mortgages. I received a letter and card purporting to come from the Western Farm Mortgage Company, at Lawrence, Kansas, dated May 25, 1880, and which reached my post-office at Camden, according to the post-mark on the envelope, on the 29th day of May, 1880, and myself about that date; which letter, and envelope, and card I now produce and are hereto attached, marked Exhibits A, B, and C. I have had no correspondence with any person or firm in relation to the loaning of money or other business matters in the State of Kansas, except that of J. B. Watkins & Co. I have no knowledge as to the manner in which the Western Farm Mortgage Company obtained my name and address for business purposes, except through the house of J. B.

Watkins & Co. I have had no business transactions with the Western Farm Mortgage Company, nor any acquaintance with any of the parties connected therewith, to my knowledge.

VILLEROY D. REED.

Taken, subscribed, and sworn before
me, the 4th day of April, 1881.

C. L. WALKER,
Commissioner.

The depositions of Rev. Abraham M. Quick, of Brooklyn, N. Y., with Exhibit A attached; of John B. Pudney, of Passaic, N. J., with Exhibit B attached; of Rev. William W. Rand, of Yonkers, N. Y., with Exhibits A and D attached; of Carlton B. Biglow, of Amherst, Mass., with Exhibit D attached; of Aaron Ganong, of Carmel, N. Y., with Exhibit B attached; of R. Randolph Hull, of Peekskill, N. Y., with Exhibits A and D attached; of Dwight S. Herrick, lawyer, of Peekskill, N. Y., with Exhibit D attached; of Sanford R. Knapp, lawyer, of Peekskill, N. Y., with Exhibits A and D attached; of Edmond Titus, of Brooklyn, N. Y., with Exhibits A and D attached; of Rev. Edward Beecher, of Brooklyn, N. Y., with Exhibit D attached; of Prof. DeVolson Wood, of Hoboken, N. J., with Exhibit D attached; of Dr. Dennis E. Smith, of Brooklyn, N. Y., with Exhibits A and D attached; of Theresa Barcalow, of New York City, with Exhibits D and F attached; of Joel T. Headley, author, of Newburgh, N. Y., with Exhibits D and F attached; of Rev. Geo. W. F. Birch, of New York City, with Exhibit F attached; of Robert I. Murray, cashier, of New York City, with Exhibit D attached; of Rev. John L. Withrow, of Boston, with Exhibits B and D attached; of Lucius Atwood, of Rome, N. Y., with Exhibits A, B, and D attached; of Henry E. Simmons, manager of American Tract Society, of Summit, N. J., with Exhibits D and F

attached ; of Peter Q. Horton, of Sing Sing, N. Y., with Exhibit D attached ; of Elias B. Reed, of Sharon, Connecticut, with Exhibit G attached ; of Christopher Wray, of New York City, with Exhibit D attached ; of Henry E. Bostwick, manufacturer, of New Milford, Connecticut, with Exhibits B and H attached ; of John J. Redmond, of New York City, with Exhibits D, I, J, and K attached ; of Jason F. Clapp, of Yonkers, N. Y., and of George H. Allen, lawyer, of Knoxboro, N. Y., with Exhibits L and M attached, are substantially the same as the preceding deposition of Rev. Villeroy D. Reed.

William S. Platt, of lawful age, being by me first duly examined, cautioned, and solemnly sworn to testify the truth, the whole truth, and nothing but the truth, deposeth and saith, that : I reside and have resided for the past year at Waterbury, Connecticut ; am fifty-nine years of age ; am a manufacturer ; I have loaned money through the house of J. B. Watkins & Co., of Lawrence, Kansas. I received last spring, I think, a few days after its date, the letter purporting to come from the Western Farm Mortgage Company, which I now produce (marked Exhibit F, and hereto annexed). I have not loaned money through any house in Kansas, except through J. B. Watkins & Co., except that before I did business with J. B. Watkins & Co. I made some loans through an agent in Waterbury, acting for principals in Kansas, whose names I do not know. I have no knowledge how the Western Farm Mortgage Company procured my name and address, except through my business with the house of J. B. Watkins & Co. I have no acquaintance and have not had any correspondence, to my knowledge, with any person connected with the Western Farm Mortgage Company. The direction upon said letter to "Plattsville box," I think, was obtained by reason of a request I made to J. B. Watkins & Co. that my letters, being on my private business, should be thus addressed, so as not to be delivered to a person named William Platt, in

same town, or to another part of the town, where the business correspondence of our firm was received.

WM: S. PLATT.

Taken, subscribed and sworn, before
me, the 4th day of April, 1881.

C. L. WALKER,
Commissioner.

Pelatah P. Page, of lawful age, being by me first duly examined, cautioned, and solemnly affirmed to testify the truth, the whole truth, and nothing but the truth, deposeth and saith, that: I reside in Brooklyn, New York, and have so resided for many years; am sixty-seven years of age; am not engaged in any business. I have loaned money through J. B. Watkins & Co., of Lawrence, Kansas, and have so loaned through them for some years. I received in the month of May, 1880, from the Western Farm Mortgage Company, a pamphlet like Exhibit D, annexed, and subsequently other documents and papers, one of which was a paper substantially like Exhibit F. I have had no business correspondence or acquaintance in Kansas with any person or firm except J. B. Watkins & Co. and Elizabeth Comstock, to whom I remitted funds for the benefit of the refugees. I have no acquaintance with, nor have I ever had any correspondence with any person connected with the Western Farm Mortgage Company. I do not know how said last-named company obtained my name and address, unless through my business transacted with J. B. Watkins & Co. My address upon the books of said last-named firm was erroneously entered as Portland Avenue, Brooklyn, instead of Carlton Avenue, in that city, where I reside, and have so resided for many years. The papers sent me by the Western Farm Mortgage Company contained such erroneous address, both street and numbers being wrong.

My name is in the Brooklyn directory by the correct street.

PELATIAH P. PAGE.

Taken, subscribed, and affirmed before me, the 5th day of April, 1881.

C. L. WALKER,
Commissioner.

Exhibits A, F, H, I, and L are substantially the same, and bear dates May 14, May 21, and May 25, 1880. Exhibit F is as follows:—

Office of the Western Farm Mortgage Company: F. M. Perkins, President; J. T. Warne, Vice-President; L. H. Perkins, Secretary; C. W. Gillett, Treasurer.

Money loaned on improved farms, *9 per cent net*, to investors. Every farm carefully inspected. Only the choicest securities accepted. First mortgages, coupon bonds, interest, and principal paid on day of maturity, in New York.

Lawrence, Kansas, May 21, 1880.

William S. Platt, Plattsville Box, Waterbury, Ct.—

DEAR SIR: We write to you to call your attention to the class of investments we are making in Kansas and other Western States. There never was a more favorable time for the investment of funds in mortgage securities upon improved farming lands.

Land is now at the minimum valuation, and there is hardly a doubt but that well-selected farms in desirable locations in this State will be appraised at double their present valuation in less than five years. Hence, loans placed with discretion upon securities that are *ample now* come as near *absolute safety* as is possible for mortgage securities. No company loaning in the West has better facilities for securing *safe loans* than we, and we are confident in saying that we exercise more care in the selection of our securities

than some companies loaning in this vicinity. We loan only upon *first mortgages*, upon improved farms, which are occupied as homesteads by the borrower, and make a *personal inspection* of our securities. Our sworn application gives minute details in regard to applicant and security. Every farm is appraised by three disinterested persons.

We do not loan to exceed *one-third* of the actual cash value of the farm, exclusive of buildings.

We require an abstract showing a perfect title from government patent to present owner. We keep a *tax record* which advises us of delinquent taxes, and we see that all taxes are paid, and also protect the security from all adverse liens whatsoever.

Our bonds and half-yearly coupons are payable at the Third National Bank, in New York, where deposits can be made to our credit, and we allow interest from date of advise of deposit. We can place to your satisfaction any sums in even hundreds, between \$200 and \$3,000, at *nine per cent* interest which we guarantee paid semi-annually on day of maturity in New York. Enclosed, please find card with a few references. We refer specially to A. Hadley, cashier First National Bank, Lawrence, Kansas; J. D. Bowersock, president Douglas County Bank; Hon. N. D. Fratt, president First National Bank, Racine, Wisconsin; and E. B. Lathrop, assistant cashier Fifth National Bank, Chicago, Illinois. If you think you might wish us to place for you any funds, we will send you sample documents, references, testimonials, etc., and allow you two per cent commission for any funds from others you may send us for investment.

Hoping to hear from you favorably, we remain,

Yours truly,

F. M. PERKINS, *President.*

Exhibits D and E are the same, and bear date May 1, 1880, and in which are the following statements:

“We investigate every particular with a degree of care

and minuteness not excelled by any loaning corporation in the world. * * * We follow up every loan to maturity, and collect and pay the principal promptly when due. We keep a constant and vigilant watch over every security during the loan, and protect it from every manner of incumbrance that might prejudice the rights of our customers. * * * We receive an annual list of delinquent taxes from the treasurer of each county in which we have securities, and are thus advised of the failure of any of our mortgagors to pay their taxes. * * * This constant vigilance on our part relieves the mortgagee from all anxiety as to the security of his investment. Our loans range from \$200 to \$3,000 each, with an average of about \$500. The most of them are for a period of five years.”

Here were introduced in evidence twelve other letters substantially the same as Exhibit F, and of dates May 12, 14, 20, 21, and 25, 1880. Then were introduced in evidence seventeen other business cards, the same as Exhibit B, which reads as follows :

The Western Farm Mortgage Company, Lawrence, Kansas. F. M. Perkins, President; J. T. Warne, Vice-President; L. H. Perkins, Secretary; C. W. Gillett, Trsasurer.

Great demand for capital to be invested upon improved farms.

We invite attention of those wishing to invest funds to our unrivalled farm mortgage securities. No better securities or safer investments were ever offered to the public. Every farm is carefully inspected and appraised by three disinterested persons. No security which does not exceed three times the value of the loan is accepted. We spare no pains or expense to protect the interest of our patrons. We follow up every loan to maturity, and enforce prompt payment of interest and principal. We keep a tax record, and see that all taxes are paid. We guarantee 9 *per cent net*, paid on day of maturity in New York, without trouble or expense to lender. It will abundantly repay those

wishing to invest to examine carefully our securities and the work we are doing, before placing their funds elsewhere. No long delays in placing funds. Interest allowed from date of receipt of money. Investor compelled to take no land. Investor holds all papers. No loan exceeds one-third cash value of land. Loan only on improved farms. Farm examined before loan is made. Loan only on first mortgage. Loan only to good managers. Interest promptly paid in New York. In case of borrower's default, we redeem security.

Send for circular.

L. H. PERKINS,
Secretary.

DIRECT EXAMINATION OF MR. DART.

Q. Mr. Dart, where do you reside? A. In Lawrence, Kansas.

Q. How long have you resided in Lawrence? A. Since the 7th of September, 1874.

Q. What has been your occupation since you resided in Lawrence? A. I have been assisting J. B. Watkins in loaning money.

Q. Are you acquainted with the plaintiff, F. M. Perkins? A. Yes, sir.

Q. What were your duties while you have been in the service of Mr. Watkins? A. In the early part of my service with him I travelled some, inspected securities, and attended to some general work around the office; and afterwards I had a special department, entitled the security department.

Q. When did your employment as such begin? A. I think that department was assigned to me perhaps in the fore part of the year 1876.

Q. Did you at any time while you were engaged for Mr. Watkins have charge of the mail matter? A. Yes, sir.

Q. Receiving mail and sending it out? A. I have done that during the last year or more.

Q. State where you obtained those cards? Where did they come from (handing witness some cards)? A. They came from parties in the East — clients of Mr. Watkins.

Q. State whether the names of those parties were on Mr. Watkins's private list. A. Yes, sir.

Q. State whether these were from the same parties sending these letters or from different parties (handing witness some circulars). A. Some from the same parties and some from other parties, saying they had destroyed the letters.

Q. How many are there? A. Fifteen, I should judge.

Q. Count them and see? A. Nineteen.

Q. How many of them were from different persons whose letters we have given in evidence here? A. I should judge half; I cannot state exactly.

Q. During the time that you were there Mr. Perkins was engaged in what? A. He had charge of what is called the financial department.

Q. Kept the books? A. Yes, sir; kept the books, and also had charge of the Eastern correspondence.

Q. Did you ever examine the books to see what condition they were in before Mr. Perkins quit the employ of Mr. Watkins? A. I looked them over occasionally.

Q. When did you first examine to see how Mr. Perkins's account stood? A. It was in the fall of 1879.

Q. Did you have any conversation with Mr. Watkins in relation to the condition of those accounts at that time? A. No, sir.

Q. Did you ever at any time make any statement to Mr. Watkins in regard to the condition of those accounts, and when was it? A. Yes, sir; I did so.

Q. What date was that? A. About the 1st of January, 1880.

Q. Did you ever make any suggestion to him in regard to the necessity of having some one make an examination of the books?

Objected to and objection sustained.

Q. Do you know anything about an order that Mr. Watkins made in the office that no employee should overdraw his account? A. Yes, sir.

Q. When was that published or promulgated? A. I think I saw the order in the month of November, 1877.

Q. In whose possession was it? A. I saw it about Mr. Perkins's desk—about the money-drawer and the desk where he was working.

Q. Do you know where that order is? A. No, sir.

Q. Have you made search for it? A. I have not made search for it.

Q. Do you know of any written orders being given by Mr. Watkins in pursuance of that order, allowing others to overdraw their accounts? A. He gave me such an order.

Q. Have you got that order? A. It is here in the courtroom.

Q. Do you remember in 1878 of having a conversation with Mr. Perkins in relation to his obtaining money from Mr. Watkins? A. Yes, sir.

Q. State what it was. A. He said that "Watkins wants me to give security or assign security for a loan; I don't propose to do it." I made no reply to that.

Q. Where was Mr. Watkins at the time? A. He was in Europe; I think in London.

Q. Was there anything further said about that loan? How did he come to make that remark? Did he say anything about having made application for some money? A. I think he just volunteered it incidentally; I do not think it had any particular connection.

Q. You remember when Mr. Watkins went East in April, 1880? A. Yes, sir.

Q. State what directions Mr. Watkins gave you when he left, with regard to the management of his business. A. In January he asked me to take control of his business at such times as he could not properly control it himself—in his absence, and at such times as he could not control it himself.

Q. What authority did he give you in that direction?

A. He gave me a power of attorney and some special directions.

Q. In writing? A. Yes, sir.

Q. Have you got those here? A. They are in the courtroom. The power of attorney is not here.

Q. Mr. Watkins gave you this writing at what time?

A. It is dated April 28, 1880.

Q. Is that Mr. Watkins's signature (handing witness a small book)? A. Yes, sir..

Q. Do you know Mr. Hurtz? A. Yes, sir.

Q. Who is he, and where does he live? A. He lives at Belleville, Kansas, and is an agent of Mr. Watkins in making loans.

Q. Do you know G. M. Parks? A. Yes, sir.

Q. Where does he live? A. Washington, Kansas.

Q. Were either of these parties in Lawrence, do you remember, during the month of May, 1880? A. Yes, sir; Mr. Hurtz was here the twenty-seventh day of May, 1880.

Q. Did you receive anything from him — any of these papers or circulars? A. I received a card from him, such as one of those that have been on the table — a business card of the Western Farm Mortgage Company.

Q. On what day? A. The twenty-seventh day of May, 1880.

Q. State if you had ever seen one of them before. A. No, sir.

Q. State if that was the first information that you had of the existence of such a company. A. It was the first.

Q. Now, then, Mr. Hurtz is here, is he not? A. Yes, sir.

Q. State what you did with that card. A. I kept it in my possession for a day or two.

Q. What occurred between Mr. Perkins and you in relation to it? A. On the 29th of May I called him into the back room and showed him that card. I said to him, "You can't come any such game as that on me in Watkins's absence;" and he wanted to know what game; and I said, "You are discharged."

Q. Did you show him the card? A. Yes, sir.

Q. Did you show him that before you made that remark to him? A. Yes, sir.

Q. Have you got the card here? A. I have not that identical card; it was one like those on the table.

Q. State if it was like that card (handing witness a card)?

A. Yes, sir; I think it was a duplicate of that.

Q. A duplicate of those attached to the depositions?

A. Yes, sir.

Q. What reply did he make when you told him he was discharged? A. He said, "That is all right as far as the discharge is concerned, but I don't know as I will accept your authority." I then showed him my authority as shown in that book.

Q. Did he read it? A. Yes, sir.

MEMORANDUM OF SPECIAL DIRECTIONS BY J. B. WATKINS TO
M. J. DART.

LAWRENCE, KANSAS, April 28, 1880.

"M. J. Dart shall take the responsibility of removing and obtaining employees, should a case or cases arise where he believes the interest of J. B. Watkins demands prompt action.

"April 28th, 1880.

J. B. WATKINS."

Q. Well, what further conversation occurred between you? What did he say after he read the authority? A. He wanted to know what Watkins left that authority for. I said, "Simply because he wanted to, I suppose," and then the conversation turned. He said he was entitled to notice. I asked him how much notice he was entitled to. He said, "I expected to give Watkins six months' notice, but I did not expect to require that of him;" and then he spoke about his salary being inadequate, and he could not live on a thousand a year, and appealed to my sympathies somewhat.

Q. Well, state what was said? A. Well, he said he had

a family to support, and he did not know whether his business would pan out yet or not. I do not know as I remember anything further of importance. He talked in that line.

Q. What business did he refer to? A. This business that was referred to in the card — the Western Farm Mortgage Company.

Q. Did he make any request to still be retained? A. I do not know that he made any request — any direct request.

Q. What did he say about being turned upon the world without employment? A. He thought it was rough. I said to him that I did not think he would starve to death. He said he had no fears as to that.

Q. What was said about his giving up the keys? A. I asked him for the keys two or three times. He declined to give them to me, until I think the third time I pressed him pretty hard, and finally he gave them to me and said that he wanted it understood that he did not surrender any of his rights in surrendering those keys.

Q. Did he say anything further in regard to the Western Farm Mortgage Company? A. I have no recollection of anything said at that time.

Q. Now, you went down to Kingman County, after Mr. Watkins left? A. Yes, sir.

Q. State when that was? A. I left for Kingman County on Friday at 12 o'clock, and the next day was the 1st of May. Saturday was the first day. I left at 12 o'clock at night.

Q. How long were you gone down there? A. I was gone very nearly a week. I returned Friday afternoon at 4 o'clock of the next week.

Q. Now, at the time you returned, and the time you discharged Perkins, state whether he was about the office much or not? A. Well, he was about the office very irregularly.

Q. What proportion of the time was he out during the day? A. It would be difficult to state. It was a fifth or

sixth, to approximate, of the office hours; perhaps more. I could not state anything definite on that point.

Q. What reason did he give to you for being absent so much? A. Afterwards, when I was speaking to him about it, he said he would admit that he did not come around as early mornings as he ought to, for he was up-stairs helping and showing Lou.

Q. When was this? A. In July, after he was discharged.

Q. Who was Lou? A. I understood it to be his brother, L. H. Perkins.

Q. At this time you were looking after the mails pretty closely, were you not? A. Yes, sir; particularly in June and July.

Q. State if during the time you were there you received any communication or postal card from Mr. Parks in relation to the Western Farm Mortgage Company? A. I have no recollection of receiving any.

Q. Well, during the month of May, up to the time Perkins went away (the 29th) he had access to the mails, did he not? A. Yes, sir.

Q. Did anybody else have anything to do with distributing the mail around in the office to its proper departments at that time? A. I think it devolved upon myself and him.

Q. During the month of May until he left? A. Yes, sir.

Q. When did you receive these cards? A. I could not state the dates. They were received during the summer of 1880, and perhaps some later in the season.

CROSS-EXAMINATION.

Q. The writing was not upon the cards when you received them? A. No, sir.

Q. These memoranda on the cards are your own, are they? A. No, sir.

Q. Do you know whose handwriting it is on these cards?

A. That is the writing of Mr. Watkins.

Q. Did you see him write them there, or is it from your knowledge of his handwriting? A. It is my knowledge of his handwriting

Q. That was received after October 11, 1880, was it not (handing witness a card)? A. Yes, sir.

Q. It might have been received as late as November, might it not? A. Yes, sir.

Q. These cards have been received since this suit was commenced, have they not? A. Possibly some of them.

Q. Can you tell how many? A. I do not think a great many of them.

Q. Some of them? A. Yes, sir.

Q. Some of them received along in November, December, and January? A. A few of them.

Q. Can you state the date, now, of the receipt by you or Mr. Watkins of any card you have in the list? A. I cannot state the exact date.

Q. Can you state any particular month when any particular card was received? A. No, sir.

Q. The memoranda in this little book is in your handwriting, is it not? A. Yes, sir.

Q. That was made after the matter on the other page was written? A. It was made on the day of its date, April 28, 1880.

Q. The memoranda in your handwriting and the memoranda made by Mr. Watkins were made on the same date; were they both written at the same time? A. I presume so; the dates are the same.

Q. You were examined once before in this matter about the discharge of Mr. Perkins? A. Not in this court.

Q. You were examined below, before Judge Steele, in regard to it? A. Yes, sir.

Q. Did you produce any memoranda at that time? A. I did not produce that memorandum then.

Q. Now, at the time that memorandum was written, how many employees were there in Mr. Watkins's office. A. Eight or ten.

Q. How many men did he have in his employ outside the office? A. Three, I think — three or four.

Q. He had agents? A. He had agents.

Q. Various agents throughout the State? A. Yes, sir.

Q. About how many? A. In this State, I presume thirty or forty agents and correspondents.

Q. You understand that authority to apply to all of those? A. No, sir.

Q. You simply understand it to apply to the office? A. Yes, sir.

DIRECT EXAMINATION OF G. M. PARKS.

Q. What is your name? A. G. M. Parks.

Q. Where do you reside? A. Washington, Washington County, this State.

Q. How long have you resided in Washington? A. Since February, 1869.

Q. Do you know the defendant in this action, J. B. Watkins? A. I do.

Q. Do you know the plaintiff, F. M. Perkins? A. I do.

Q. During the last two or three years have you had any connection in the business with Mr. Watkins? A. I have been his agent at Washington, and sometimes in other counties in that part of the State.

Q. How long? A. Since late in 1876.

Q. In the month of May, 1880, did you receive any letters or circulars from Mr. Perkins? A. About the middle of May I received a circular letter, and I think some loan-blanks for taking applications, from a new company organized here, called the Western Farm Mortgage Company.

Q. Were those blanks and circular accompanied by any written letter? A. Accompanied by a postal card stating that they had sent blanks.

Q. Whose signature was upon the postal card? A. F. M. Perkins's.

Q. What did you do in response to the receipt of these papers? A. My impression was that the old company had been reorganized and a new company formed; and I wrote a card of inquiry sometime the last of May to know if such was the case.

Q. To whom did you address that postal card? A. To J. B. Watkins & Co.

Q. Did you hear anything from that postal card? A. I did not receive any answer from it.

Q. Did you have any further communication with Mr. Perkins or the Western Farm Mortgage Company? A. I received a postal card the 1st of June, or about the 1st of June, notifying me of a visit that he would pay personally; that he would be there in a few days to make business arrangements.

Q. Was that after you had written the card of inquiry? A. That was after; it was signed F. M. Perkins.

Q. Did Mr. Perkins come to Washington? A. He came to Washington the 8th of June.

Q. What conversation did you have with him there about the loaning business? A. Our conversation took a wide range, as he was there the afternoon of the 8th, and we were together all of the 9th. He claimed that it was a new company; that he had gone into business for himself—he and others. I asked him who the other parties were, and something about what the prospects were. He said that they could fill loans without any delay, and it would be to my interest, because the business would be attended to promptly. He proposed that we take a trip into the country; that he wanted to see as much of the county as he could, as his time was limited. And, accordingly, the next day we went out and took quite an extended trip, and saw as much of the county as we could in one day with a team. We looked at some applications that I had on file.

Q. Those applications you had on file were taken for

whom? A. I intended to give them to J. B. Watkins & Co., but transferred them to the Western Farm Mortgage Company's blanks.

Q. State if the applications you had already made out were destroyed? A. They were; there had been some little delay with Watkins & Co., and I thought I would transfer them.

Q. Did Mr. Perkins fill those applications for loans? A. He did.

Q. From whom was the loan obtained? A. From D. W. C. Clapp, of Iowa.

Q. Did you know who D. W. C. Clapp was? A. I had acknowledged a number of mortgages before that to him; quite a number through J. B. Watkins & Co., in previous years, at different times.

Q. How many loans did Mr. Perkins furnish from that source at that time? A. There were two loans closed up soon after that trip.

Q. From that source? A. Yes, sir — D. W. C. Clapp, two, or possibly three — one of \$600 and one of \$300; and the other I am not positive about.

Q. What conversation did you have with Mr. Perkins in regard to what induced him to go into the business? A. Well, he said he had worked a long time in this office and had learned the business thoroughly, and got acquainted with many Eastern investors in the office, and they had given him inducements if he would go into the business on his own account; that he had a large amount of money to place, which he was anxious to get out as soon as possible. There seemed to be no trouble about the money; he had plenty arranged for.

Q. Did he say anything about Watkins's knowledge of this transaction? A. I asked what Watkins & Co. would think about this establishing a new office, and he said that would be all right; that he guessed they did not care, or words to that effect.

Q. How many loans did Mr. Perkins fill for you at that time — altogether, how many? A. Two at that time.

Q. Those were the Clapp loans? A. Yes, sir.

CROSS-EXAMINATION.

Q. You wrote and received some postal cards, you stated. A. I received, sometime about the middle of May, some circulars and a card.

Q. Have you those cards with you? A. No, sir; all my correspondence I destroy at the end of the year.

Q. You are in the loaning business up there? A. Yes, sir.

Q. That is to say you take applications for loans and get somebody else to fill them? A. Yes, sir; I do.

Q. And get money where you can get money most advantageously on the terms? A. I do not consider myself bound to any place positively.

Q. And you state Mr. Perkins was at your place sometime in June? A. He was there the 8th and 9th of June last.

Q. Did he state to you and did you know he was up there for the purpose of looking over the county and see the character of the land? A. I had a card from him that he was coming up.

Q. That he was going to examine the country? You spent a whole day, I understand, simply for him to become familiar with the people and country there, and get an idea of the value of the property? A. And to look at any applications I had on hand.

Q. You had these two applications you stated? Now, when you spoke to him about what Mr. Watkins would say about his institution, did he not tell you that it would make no difference — that there was money enough for both of them to handle? A. He might have said words to that effect.

Q. Was it not as much money as both could handle?

A. It might have been words to that effect; he said that it would make no difference.

Q. When he said that did he not also say in that connection, in substance, that there was as much money in the East as both could loan? A. I do not think he said those words.

Q. Did he not say the substance? A. I am not prepared to answer that; I remember that Mr. Watkins & Co. did not care.

Q. You know Mr. Clapp? A. I probably know there is such a person from having mortgages executed to him.

Q. Do you know that he loans money through various agencies in this State? A. I never knew of him loaning any through any other but these two.

Q. Are you acquainted with the loan agencies at Topeka?

A. I have done business with some there.

Q. Do you know the Kansas Loan and Trust Company?

A. I do.

Q. Have you had any mortgages through them for Clapp?

A. I never happened to remember that name. I once acknowledged a mortgage from them to Desira A. Clapp.

Q. Do you know of his loaning through banks here?

A. No, sir; I do not.

Q. You came from Washington County here, at the request of Mr. Watkins, I suppose, to testify in this case. You did not receive the subpoena at Washington? A. I did not receive the subpoena there.

Q. You came down here for the purpose of giving your evidence? A. I did.

Q. Expenses, etc., to be paid by Mr. Watkins? A. There are no arrangements of that kind made.

Q. You received a letter from Mr. Watkins asking you to come down? A. Received letters and telegram also.

Q. Have you the letter? A. No, sir; I have not.

Q. How far is it from here to Washington — about? A. Not more than 160 miles; probably a little further than that by rail; I do not know that it is, either.

Q. What place in Washington County do you live? A. At the county seat, Washington.

DIRECT EXAMINATION OF MR. HURTZ.

Q. What is your name? A. Theodore Hurtz.

Q. Where do you reside? A. At Scandia, Republic County, Kansas.

Q. How long have you resided at Scandia? A. I moved there last fall; I used to reside at Belleville.

Q. How long had you resided at Belleville? A. Since November, 1878.

Q. In the year 1880 had you any business relations with Mr. Watkins, the defendant in this action? A. Yes, sir; I had his agency in Republic County ever since I went out there.

Q. Do you know the plaintiff, F. M. Perkins? A. Yes, sir; I got acquainted with him at the office of Mr. Watkins.

Q. When did you become acquainted with him? A. Well, occasionally when I came down to Lawrence on business.

Q. In May, 1880, did you receive any communication from Mr. Perkins or the Western Farm Mortgage Company in relation to making loans? A. Yes; I received a business card and a circular letter.

Q. What did you do with those papers that you received? A. Well, I just happened to come down to Lawrence on business, and I took that card along. I did not pay much attention to it, and did not know the name of Mr. Perkins. It even did not strike me as the same one with Mr. Watkins; and I happened to give that card to Mr. Dart, and asked him who was it in that concern?

Q. Did you see Mr. Perkins? A. Well, I saw him about a day or two later.

Q. While you were in Lawrence? A. Yes, sir.

Q. What did you say to him about the matter, and what reply did he make? A. Well, he gave me his rate, or the

rate of the company, and just asked me to do some business for him.

Q. What did he say to you about mentioning the matter to Watkins & Co., or anybody about there? A. Well, he said something to the effect that he did not like to have it mentioned at that time.

Q. To anybody in Watkins' office? A. He did not especially mention a certain person, but rather in a general way — he did not want it mentioned.

Q. Mentioned where? A. Well, here in Lawrence.

Q. Where did you see Mr. Perkins? A. In the office.

Q. Whose office? A. In Mr. Watkins' office.

Q. When this conversation took place? A. No; I happened to go along with him to the Merchants' Bank.

Q. Did he invite you to go with him to the Merchants' Bank? A. No; I guess not. We just happened to go together. There was no special invitation.

Q. About what time was that? A. It must have been the last week of May — somewhere between the 25th and 30th.

Q. You say you gave that card to Mr. Dart? A. Yes; I gave the card to Mr. Dart.

Q. You stated that Mr. Perkins asked you to do some business for him. State what he said in that connection. A. Well, he said that he would be able to hold out the same inducements that Mr. Watkins would, and perhaps a little better. There would not be any delays; they had money enough on hand to do a prompt business — something to that effect.

CROSS-EXAMINATION.

Q. You were in the loan business, you say, in Republic County at that time? A. Yes, sir.

Q. Soliciting loans? A. Yes, sir.

Q. And then getting them filled? A. Yes, sir.

Q. Wherever you could get them filled on the best terms? A. Well, most naturally.

Q. Do you remember when you was down here on the occasion that you gave the card to Mr. Dart? A. Well, sometime between the 25th and 30th of last May.

Q. The last week of May? A. Yes, sir.

Q. Later than that? A. No, sir; the last week of May.

Q. You stated something about being in the employ of Mr. Watkins. Were you an agent for him, or were you not working on your own hook, and getting loans filled wherever you could get the best terms? A. Well, I sent several to this office — to Mr. Watkins.

Q. You sent these loans, which you negotiated, to various companies? A. Each company has different loans, and of course I had to send one kind to one company and another kind to another.

Q. You sent some applications which you had to be filled, to Mr. Watkins, and you sent other applications to other agencies? A. Yes, sir.

Q. When you sent one to Mr. Watkins you got a certain commission on it, and when you sent one to another agency you got a certain commission on that, and that is the only connection you had with him or his business? A. Yes, sir.

Q. You were at perfect liberty to send your applications to any one you pleased, were you not? A. When somebody treats you white you have to treat them white. I sent most to Mr. Watkins.

Q. The only compensation which you receive or have received is in the nature of commissions? A. Well, Mr. Watkins gives me a net rate, and whatever I can get above that is mine; I do not receive anything from Mr. Watkins.

Q. You were not working for him upon any salary? A. No, sir.

Q. You were furnishing applications to Mr. Bartlett, of St. Joe? A. Yes, sir.

Q. You came down for the purpose of giving your testimony? A. Well, not exactly for that purpose alone.

Q. You came down at Mr. Watkins' request? A. I

came here a little on business; I would have come soon anyhow.

Q. You stated something about having a conversation with Mr. Perkins. You had known him before you saw him on this occasion? A. Yes, sir.

Q. He knew the business in which you was engaged — that you got applications for loans and gave them to different parties? Had you not been in the office and talked with Mr. Perkins about those sort of matters? A. I don't think I ever did.

Q. Well, you had business with Mr. Watkins? A. Yes, sir.

Q. And you came to Lawrence occasionally? A. Came once in a while.

Q. When you came you usually saw Mr. Perkins, did you not? A. Yes, sir; then I talked about my business with Mr. Watkins.

Q. Did you not talk with Mr. Perkins quite as much as you did with Mr. Watkins on business? A. No; I don't think I did.

Q. Did you not make your settlements with Mr. Perkins? A. Well, I guess I did.

Q. He did all the work of that kind, did he not? A. I don't know as I settled with anybody else but Mr. Perkins.

Q. When you were talking with him, did you not say anything about the kind of business you was in? A. I knew they were acquainted that I was representing different parties.

Q. Mr. Perkins knew, then, that you were representing these various companies from conversation you had with him? A. From the nature of my business he knew that I represented various parties.

DIRECT EXAMINATION OF MISS PARISH.

Q. Where do you live, Miss Parish? A. In Lawrence.

Q. What business are you engaged in now? A. In the office of Mr. Perkins.

Q. What business do you have to do in Mr. Perkins' office? A. I do various kinds of work.

Q. Copying? A. Yes, sir.

Q. Mailing matter? A. Yes, sir.

Q. You may state if you have a list of names there that you mail matter to? A. Yes, sir.

Q. What do they call that list? A. I don't know as they call it any particular name.

Q. Do you know where they got that list of names from? A. Some I got from the library.

Q. Where were the other ones obtained? A. I do not know.

Q. When did you first see them? A. They were handed me on a slip of paper.

Q. To copy? A. Yes, sir.

Q. How many names are there on the list? A. I do not know.

Q. That is now in a book, is it not? A. No, sir; the sheets are fastened together.

Q. That list is fastened together with clasps? A. No, sir; it is sewed.

Q. Is that the list that contains the names that you got from the library? A. No, sir; there are some.

Q. Which is the oldest list there? A. I do not know.

Q. There have been some made since you went in? A. Yes, sir.

Q. The one that was there when you went in, have you ever heard it called the Watkins list? A. No, sir.

Q. Has any one in the office informed you that either of those lists contained the names that were taken from Mr. Watkins' office? A. No, sir.

Q. Have you sent matter out to the different ones whose names are on those lists? A. Yes, sir.

Q. Do you remember whether the name of S. A. Bartholomew was on any one of them? A. I don't remember that name.

Q. Do you remember the name of Chas. M. Howlet? A. No, sir.

Q. Do you know where those lists are? A. Yes, sir.

Q. Where are they? A. In our office.

Q. Do you have access to those lists as an employee in the office? A. Yes, sir; I know where they are.

Q. Is that one of them (handing witness a list of names)? A. Yes, sir.

Q. Is that the one that was there when you first went in? A. Yes, sir; part of it.

Q. Has any portion of the list since you went in been taken off? A. No, sir.

Q. No portion has been taken off? A. Not that I know of.

Q. Is that the other list that you refer to (handing witness another list)? A. Yes, sir; it is one.

Q. Are those all the lists that you know of? A. There are some in pencil.

Q. Another list in pencil? A. Yes, sir.

Q. What is that in? A. It is on legal cap.

Q. Where is that list? A. It is in the office.

Q. Do you know about how many names there are on the other list? A. No, sir.

Q. About how many should you think? A. I don't know; I have no idea.

Q. A good many? A. Yes, sir, a good many; but not so many as on these.

Q. When did you first see the list in pencil? A. I do not know how long ago.

Q. Did you see it before you saw these? A. No, sir.

Q. You did not see it until afterward? A. Yes, sir.

Q. Is that kept in the same place? A. I think they are very near the same place; sometimes one place and sometimes another.

Q. Did you know they were going to bring these lists down here? A. No, sir.

Q. Have you talked with any of the parties about the office about these lists being made evidence here in court? A. No, sir.

Q. About any testimony being given in regard to them since you have been subpœnaed? A. No, sir.

Q. Did you have any conversation with anybody at all in regard to it? A. No, sir.

Q. Anything said to you about what your testimony was to be about this matter? A. No, sir.

Q. Did you send any mail matter to parties contained in that other list? A. Yes, sir.

Q. Do you remember the names on the pencil list — any of them? A. No, sir.

Q. You do not remember any of the names? A. No, sir.

Q. When did you go into their office? A. The 6th of last July.

Q. Do you remember the name of D. W. C. Clapp being on that pencil list? A. No, sir; it is not on it.

Q. Do you remember whether William M. Sayre is on that list? A. I do not know; I cannot remember.

Q. Is that your handwriting (handing witness an envelope)? A. Yes, sir.

Q. What list did you take those names from? A. I do not know.

Q. You have sent a great many such as these before you, containing the same that those contain? A. I do not know what they contain.

Q. Do you remember anything that you put in them? A. Yes, sir.

Q. What did you put in? A. In some I put letters.

Q. What list did you take those names from? A. I do not know.

Q. You cannot tell? A. No, sir.

Q. You don't know whether they were on the pencil-list or on the other? A. No, sir.

Q. These were written recently? A. I do not know.

Q. Look at the post-mark? A. Yes, sir; these were written recently.

L. H. PERKINS RECALLED — DIRECT EXAMINATION.

Q. Why did you not bring down that list in pencil? A. I brought everything I could find.

Q. You could not find that pencil list? A. I brought everything I knew of.

Q. Do you say that you knew of no other list in your office except those you have handed in? A. I did not know of another list at that time; I think I know where there is another now.

Witness was ordered to produce the list.

DIRECT EXAMINATION OF T. H. RUDIGER.

Q. Mr. Rudiger, you live in Lawrence? A. I do.

Q. Do you know the defendant, J. B. Watkins? A. Yes, sir.

Q. Do you know the plaintiff, Mr. Perkins? A. Yes, sir.

Q. Do you know C. W. Gillett, the treasurer of the Western Farm Mortgage Company? A. Yes, sir.

Q. When did you go into Mr. Watkins' employ? A. A year ago last January.

Q. Do you ever remember seeing Gillett in the office after you went in? A. Yes, sir.

Q. When was it? A. Sometime during May.

Q. What year? A. In May, 1880.

Q. Where was Mr. Watkins at that time? A. He had gone to Europe.

Q. Who did Mr. Gillett come with when he came to the office? A. Mr. Perkins.

Q. You may state if Mr. Perkins showed him through the books of the office — who showed him the books of the concern? A. He did.

Q. What did they do? A. Well, I do not think I can state more definitely than I have; I was at work at my desk.

Q. What did they do and where did they go, according to

your best recollection? A. They looked at the various books in the office — that were used in the office. Mr. Perkins showed them, and seemed to be explaining them. I did not understand what he said.

Q. How long were they at that business? A. I should say a half an hour or more.

Q. Did they go out together? A. They did.

Q. Do you know where they went to? A. No, sir.

Q. About what time in May was that? A. I am not quite sure it was the first week in May — some time between the 1st and 8th.

Q. Was Mr. Dart at home at that time? A. No, sir.

Q. Where was Mr. Dart? A. Business called him down to Kingman County.

Q. What time of day was this? A. During business hours.

Q. Do you remember of Perkins and Gillett going into the back room together? A. I do.

Q. How long did they remain there? A. I could not say.

Q. What do you think? A. It might have been only a few minutes, and it might have been half of the time. I did not give it much attention.

Q. Did you have any conversation with Gillett at that time? A. I did.

Q. Did he say anything in relation to the business? A. As he was leaving the office he passed my desk, and as we were quite well acquainted, he stopped and spoke to me, shaking hands, and we conversed together. I think he asked me whether I liked the loan business better than I did the old business which I used to follow. I think that was about all.

Q. You went to work there at what time? A. Commenced on the 15th of January, 1880.

Q. What work did you first perform after you went into the office? A. I brought up the arrear-work on the books.

Q. How long did it take you to balance up the books? A. I devoted nearly all my time for the first week or two,

and after that a part of each day until April, I think, I caught up.

Q. How did you find the books posted as to Mr. Perkins' account? A. I think they were posted to the last of April or first of May, 1879. I think the first posting I did commenced with the 1st of May, 1879.

Q. Do you mean by posting, carrying accounts from the cash-book to the ledger? A. Yes, sir.

Q. At what time was the last balance struck in that particular account? A. The 1st of May, 1878 — just a year previous.

Q. After you got the books posted up, you may state how Mr. Perkins' account stood? A. It showed a debtor balance of something over \$2,500.

Q. When did you have it completed — the posting of his account? A. The 1st of April, 1880, was the first time that I had everything completed and was ready to render a statement.

CROSS-EXAMINATION.

Q. You went in, you say, in January, 1880? Yes, sir.

Q. You got through posting the books when? A. I made my regular trial-balance on the 1st of April, 1880.

Q. You was engaged all that time in posting the account of Mr. Perkins? A. No, sir.

Q. And the balance of the time you were engaged in posting the other various accounts contained in the books? A. I posted them just as they came along. I did not try to post one account and then another.

Q. The accounts were all posted up to a certain date, were they not? A. Yes, sir.

Q. And all down to the same date? A. I think so.

Q. And that was to the 1st of May, 1879? A. Yes, sir; if my memory serves me right.

Q. And Mr. Perkins' account stood just the same as the others? A. Yes, sir.

Q. And when you went in there, they were just behind in the matter of posting? A. No, sir; they were behind in other respects.

Q. You say they were behind in other respects — what other respects do you mean? A. Balancing the books from the 1st of January, 1877, the time the last balance was struck.

Q. What do you mean by balancing? A. The science of keeping books consists in making the entries in such a way that you can ascertain whether they are correct or not, that they will admit of proof; and at the end of the year books are supposed to be balanced, and a statement is made showing the debits and credits, and assets and liabilities, and one will weigh up the other if the books are correct; and that was the last time it had been done.

Q. State of what it consisted? A. To find the errors that had been made that kept the books from balancing.

Q. The footings to these various accounts had been made? A. No, sir.

Q. Had they not been made in pencil? A. Up to a certain date.

Q. It is customary first to make them in pencil, is it not? A. No, sir.

Q. Do not some good bookkeepers do it? A. Some do it; yes, sir.

Q. And the footings had thus been made, but not copied in ink? A. Yes, sir.

Q. You stated that there were some errors? A. Yes, sir.

Q. Do you remember in what respect? A. No, sir.

Q. Can you state any error that you discovered? A. I can state the fact that the last trial-balance made by Mr. Perkins failed to balance, and he could not give any reason why it would not balance.

Q. Do you know by what amount? A. No, sir.

Q. Do you know whether it was a large or small amount? A. No, sir; I could not say.

Q. This failure to balance is not an uncommon occurrence in bookkeeping, is it? A. Not a very common occurrence.

Q. You have made errors in bookkeeping yourself? A. Yes, sir; I always detect them.

Q. You have had trouble in making books balance? A. Never of any long duration.

Q. You kept books for Mr. Van Hosen? A. Yes, sir.

Q. Did you make any mistakes there? A. I presume I did.

Q. Do you remember of one error there of over \$500? A. I do not think I do.

Q. Were there errors in addition or in posting? A. Errors of both kinds.

Q. Now, can you state in what respect any error existed in those books? A. Not from memory; no, sir.

Q. Can you point out any on the books? A. I think so.

Q. In regard to the account of Mr. Perkins, were there any errors in that? A. Not that I remember.

Q. The entries which composed Mr. Perkins' account were made the same as any other entries in the ordinary course of business? A. Yes, sir.

Q. And in Mr. Perkins' handwriting? A. Yes, sir.

Q. And in their proper place? A. Yes, sir.

Q. And under the proper dates? A. Yes, sir.

Q. And all there was to do to determine the condition of Mr. Perkins' account was to add it up? A. And then to post it, and see whether the books would balance.

Q. In regard to Mr. Gillett, you had known him here for years? A. Yes, sir.

Q. Knew him when he was a partner of Mr. Warne? A. I did.

Q. And he came into the office in business hours? A. Yes, sir.

Q. Do you remember about what time of day? A. I do not.

Q. Do you remember in which part of the office you

were when they came in? A. I occupied the corner desk in front, nearest Massachusetts Street.

Q. Did they come in at the front door? A. Yes, sir.

Q. Went to the rear of that long room? A. I do not remember exactly where they went; they walked about from one desk to another; they examined various books that lay on the desks, I know.

Q. When you were in full operation there you had eight or nine employees at work? A. Yes, sir.

Q. About what time in the day was this? A. I do not remember whether it was forenoon or afternoon.

Q. You knew that he was a relative of Mr. Perkins'? A. No, I am not aware of it now.

Q. You knew that he was a brother-in-law of Mr. Warne's? A. I did not until very recently.

Q. Did you hear any conversation between them — Mr. Gillett and Mr. Perkins? A. No, sir.

Q. Did you leave your place of work? A. No, sir.

Q. Did you give them any special attention? A. No, sir.

Q. And how long did they remain? A. I think somewhere about half an hour or more. I do not pretend to say definitely.

Q. Do you know whether they retired into the private office? A. There was no retiring about it; the door was open; Mr. Perkins frequently occupied a desk there.

Q. How long did they remain there? A. It may have been half of the time, but I could not say.

Q. You have no definite idea of the length of the time they were in the office? A. No, sir.

Q. And Mr. Gillett went out the same way he came in? A. Yes, sir.

Q. And stopped to speak to you as he was passing out?

A. Yes, sir.

Q. It is not an uncommon occurrence, is it, Mr. Rudiger, for a man that keeps a nice set of books to show his work?

A. I think it is.

Q. You never knew them to do such a thing? A. No, sir; I consider it a private matter; I never do it.

Q. I mean to show his workmanship? A. I do not know as that is.

Q. It is not an uncommon occurrence? A. I do not consider it a common occurrence.

RE-DIRECT EXAMINATION.

Q. You may state whether there were pencil-footings to Mr. Perkins' account after May, 1878? A. Yes, sir; I think there were.

Q. After May, 1878, up to what time? A. That I do not remember.

Q. What time was his account posted up to? A. Up to the 1st of May, 1878.

Q. All accounts were not balanced up to the same date? A. I think they were.

Q. You may state if there were other books than the cash-book and ledger there in the office? A. Yes, sir.

Q. State if those were the books that Mr. Perkins showed to Mr. Gillett? A. They did not look at the cash-book and ledger; they were on my desk usually, yet I may not have been working upon them.

Q. You may state if Mr. Perkins worked upon any of those books except the cash-book and ledger? A. The books that Mr. Gillett looked at with Mr. Perkins were the loan journals, and the writing in them is done by different ones, according to the character of the work they have to do. Whenever Mr. Perkins entered a loan to be executed in those books, some one else completed the work concerning that loan.

Q. Did he look at the coupon record? A. He did.

Q. And the loan record? A. Yes, sir.

Q. Did Perkins ever have anything to do with those two books? A. No, sir.

RE-CROSS-EXAMINATION.

Q. Who entered up the interest on the coupon register?
A. Mr. Putnam.

Q. He always did it, did he? A. Since I can remember ;
yes, sir.

A. Do you know who entered it up previous to your
coming there? A. No, sir.

Q. You only know that he did it after you came. A.
Yes, sir.

Q. Did you ever look at those books? A. Not very
many times.

Q. You say he looked at the loan registers? A. Yes,
sir.

Q. How many of those books were there? A. I do not
know whether there were two in use then or not ; there are
two now, A and B.

Q. Do you remember on whose desk they were lying?
A. No, I do not ; I think they were upon no one's desk ;
there is a desk for them, or used to be, and the books laid
open for reference.

Q. In what part of the room is that? A. Near what we
call the counter.

Q. And from where you was you saw them go there and
look at those books. A. I saw all that I did see from my
desk.

Q. About how long were they engaged in inspecting
those loan registers? A. Not very long.

Q. Were they five minutes at those books? A. It might
have been.

Q. It might have been much less? A. It might.

Q. Well, besides the loan register, - what other books did
they examine? A. As I said before, I did not give the mat-
ter very much attention, but I do know they examined other
books ; I think they examined the loan journals.

Q. How far is it from where you stood to those? A.

Probably as far as from here to the stove; they may have been as far as from here to the other stove.

Q. In what position did you stand — facing them? A. Yes, sir; my desk stood in such a way that I had my back to the wall.

Q. And you saw them turn over the leaves to the books — anything else? A. I saw books opened and closed, and others opened.

DIRECT EXAMINATION OF A. L. SELIG.

Q. Mr. Selig, where do you reside? A. In Lawrence.

Q. How long have you resided in Lawrence? A. Off and on since 1859.

Q. Are you acquainted with Mr. Watkins, the defendant? A. I am.

Q. With Mr. Perkins, the plaintiff? A. Yes, sir.

Q. What is your occupation? A. Insurance agent, and I am also employed with Mr. Watkins.

Q. How long have you been employed by Mr. Watkins? A. Since the 1st or 2d of May, 1879.

Q. Were you in the office in May, 1880? A. I was.

Q. During that time that you were in the office, the fore part of the season of 1880, did you have any conversation with Mr. Perkins in relation to Mr. Dart? A. I had several conversations with Mr. Perkins; I had one conversation with him while Mr. Dart was absent.

Q. Where was Mr. Dart? A. Mr. Dart was then absent on business in Kingman County.

Q. Will you please state what that conversation was? A. It was in regard to a power of attorney.

Q. You may state if you had a conversation with him in regard to the state of Mr. Dart's health? A. Not at that time.

Q. When was that? A. It was sometime previous.

Q. Now state what that conversation was, and what Mr. Perkins said to you and asked you to do? A. I do not

know as I can give the exact words. We were talking about business in general, and he made the remark that Mr. Dart was working very hard, and that it would pay Mr. Watkins to send him off for a month or two East, away from business, and rusticate. Finally he requested me to speak to Mr. Watkins about it; and his reason for having me speak to Mr. Watkins was that I had more influence with Mr. Watkins than he had himself.

Q. Did he press it — urge it? A. He spoke to me twice, perhaps, about it, in such a manner that he seemed anxious to have me do it.

Q. Well, sir, did you do it? A. I did speak to Mr. Watkins.

Q. Now, at the subsequent conversation, state what was said. A. I had received a telegram from Mr. Dart to stop the payment of some drafts on the Merchants' Bank. The question came up as to Mr. Dart's authority to arrest criminals and to order the payment of the drafts stopped, and I remarked that he had power; he asked me if he had a power of attorney; I said, yes; then he asked me what was in it; I gave him an evasive answer.

Q. State if you knew that the authority had been left with Mr. Dart by Mr. Watkins before he went East? A. I knew of it.

Q. During the month of May that Mr. Perkins was there, state if Mr. Perkins brought his lamp down there and kept it nights. A. I do not know.

Q. Whose lamp did he have there? A. I do not know that he had any lamp there.

Q. Is there a lamp there? A. Yes, sir.

Q. Did he take any of the lamps up-stairs? A. I did not see him take any; I saw him bring back one.

Q. Whose lamp was it? A. It was mine.

Q. Do you know of his being in there after the office was closed? A. I have no recollection of it.

Q. Were you there when Gillett was in the office? A. Yes, sir.

Q. You may state what was done? A. I do not remember very much of what was done; I saw him and Mr. Perkins looking through books of the office.

Q. About what time was that? A. I could not be positive whether it was forenoon or afternoon.

Q. About what time in May? A. It was early in the month of May.

Q. After Mr. Watkins' departure? A. Yes, sir.

Q. Was Dart there? A. No, sir; he was absent in Kingman County.

Q. What books did they examine? A. I did not pay any particular attention to them. I think it was the loan record and coupon register.

Q. You may state who had charge and who made up those books generally? A. I am not positive whether I had charge of them at that time or not. I had previous to that. I think I did not have charge of them any more or at that time.

Q. Who did? A. I think that Mr. Rudiger or Mr. Green made entries on the record and also upon the coupon register — that is, entered the loans; and Mr. Henry Putnam entered the interest on both the record and the coupon register as it was received.

Q. You may state if those were private books of the office that were not to be examined by people outside the office? A. I considered them so.

Q. How long did you have charge of them? A. I think some less than a year. I am not certain whether I had charge of them at that time or not.

Q. Who had charge of them prior to the time you took charge of them? A. I do not know, because I took charge of them as soon as I entered the employ of Mr. Watkins; I think Mr. W. C. White.

Q. Were you present when Mr. Dart discharged Mr. Perkins? A. I was.

Q. You may state what was said and what Mr. Perkins' manner was at the time. A. I was in the back room ex-

aming abstracts and bonds, when Mr. Dart asked Mr. Perkins if he was busy, and he said, “Not particularly,” or words to that effect; and Dart said, “Come here a minute,” and he came in and the door was shut. Mr. Dart was standing by Mr. Watkins’ desk — his private desk. He showed Mr. Perkins a card. Mr. Perkins — I am not certain whether he made any reply or said anything at that time or not; but Mr. Dart said, “Frank, you can’t come any such game on me during Watkins’ absence.” And Perkins asked him, “What game?” He said, “You are discharged.” And he said, “Dart, the discharge is all right, but I doubt your authority,” or words to that effect; that he questioned whether he had authority to discharge him or not. Then Mr. Dart showed him his authority — a little book we had here.

Q. What did he say then? A. I did not hear all the conversation then; they talked somewhat low. The next words that I heard were to the effect, “It is pretty hard to turn a fellow out of employment with a family on his hands,” and Dart made some reply which I do not just remember, except that he told him, “You won’t starve,” or something to that effect. Then there was something said about notice, Mr. Perkins raising the question of notice. Mr. Dart asked him how much notice he wanted, and he said, “Well, I expected to give Watkins six months’ notice, but I do not expect to ask him that long a time.” And he also mentioned, in answer to something Mr. Dart said, that he did not know as his concern (I don’t know whether he used the word concern) — that he did not know whether his company would succeed in establishing business; that is, that they would make it pay.

Q. Did he give that as a reason why he wanted to remain?

A. That seemed to be a reason why he wanted to remain. He gave as a reason that he went into this that he could not live on \$1,000 a year.

Q. Did Mr. Dart have a power of attorney at that time?

A. He had a written authority.

Q. He had a power of attorney besides this authority to discharge hands? A. He had a document there besides.

Q. Did you read that to Mr. Perkins? A. Yes, sir — a portion of it.

CROSS-EXAMINATION.

Q. You are still working for Mr. Watkins? A. Yes, sir.

Q. Mr. Dart was in the employ of Mr. Watkins when you went there to work? A. He was.

Q. He had been in the employ of Mr. Watkins for years? A. Yes, sir.

Q. Mr. Perkins was in the employ of Mr. Watkins at that time. A. Yes, sir.

Q. You were all three young married men? A. Yes, sir.

Q. All clerks in the same office? A. Yes, sir.

Q. Mr. Dart had devoted himself very closely to the business? A. Yes, sir.

Q. He was very much worn down by the labors he had performed? A. I thought so.

Q. Was not his health to all appearances worn down — going into consumption fast? Did you not think so at the time and feel that way? A. Well, I don't think I thought at the time that he would go into consumption fast.

Q. But you agreed with Mr. Perkins that it would be a good thing for Mr. Watkins and for Mr. Dart both to give him a little recreation? A. I did.

Q. And with that view you went to Mr. Watkins for the purpose of getting Mr. Dart a vacation? A. I went to Mr. Watkins and told him that I thought it would be good for Mr. Dart to be out of the office more.

Q. Needed more out-door exercise and work? A. I thought so.

Q. And you knew he was a valuable man in the office? A. Yes, sir.

Q. Did you tell him so? A. I did.

Q. And that he could not afford to have his health impaired? A. That is the impression I wished to make.

Q. And he did not give that vacation? A. No, sir.

Q. When was this? A. I think it was in February, 1880; it may have been the first of March.

Q. Now, the summer previous to that Mr. Dart had been at the office working by gaslight, in hot weather, after office hours? A. I have seen Mr. Dart work by gaslight.

Q. I will ask you to state if you did not stand up, and with a trembling hand and voice read that to Mr. Perkins (referring to the little book containing Mr. Dart's authority to discharge); A. No, sir, I did not.

Q. Did you see that book there? A. I saw it.

Q. Where was it produced? A. Mr. Dart had it.

Q. Carried it in his vest pocket? A. I did not notice. He did not go to the vault after it.

Q. He asked you to read, did he not? A. Not out of that.

Q. But the reading which was done on that occasion was done by you, was it not? A. Not all of it.

Q. You took turns; you read a part of the time and Mr. Dart part of the time? A. I think Mr. Perkins read in that book.

Q. And you read from something else, and Mr. Dart did not read at all? Did Mr. Perkins read it aloud? A. I do not remember that he read out loud.

Q. You recognize this book which has been shown you? A. Yes, sir.

Q. You had it in your hand on that occasion? A. I did not.

Q. When did you become familiar with that book? A. When it was signed.

Q. You were present when it was signed? A. When I witnessed it.

Q. Was it written all at one time? A. I don't know; I just witnessed it.

Q. And then when did you next see that book? A. I saw that book in Mr. Dart's hands.

Q. Did you have it? A. No, sir.

Q. Did you see him deliver it to Mr. Perkins? A. No, sir.

Q. How close were you to the parties? A. About eight or ten feet.

Q. You saw Mr. Dart pass something over to Mr. Perkins? A. Yes, sir.

Q. Mr. Perkins read it aloud? A. No, sir.

Q. Do you remember when it was that Mr. Gillett came in with Mr. Perkins? A. Yes, sir; about the first part of May.

Q. Have you any definite recollection of the time? A. Not exactly as to the day; no, sir.

Q. How do you fix the time as the first part of May? A. Because Mr. Dart left on the night train previous to the 1st of May, for Kingman County, and I was in the office late that night with him.

Q. How are you able to fix the very day on which Mr. Dart left for that country? A. Because I issued him an accident ticket.

Q. And what connection is there between Mr. Dart being away and Mr. Gillett being there? A. I only know that Mr. Dart was absent in Kingham County at that time.

Q. And he was absent for several days, was he not? A. Yes, sir.

Q. Do you remember what time of day it was? A. No, sir, I could not state positively.

Q. It was during business hours? A. Yes, sir.

Q. State as definitely as you can how long Mr. Gillett remained there? A. I think it was something, perhaps, from half an hour to an hour.

Q. Were you engaged at work during all the time that he was there? A. Yes, sir.

Q. Paying attention to your work and not to them? A. Yes, sir.

Q. And still you were able to fix the day and date? A. No, sir; I did not fix the day and date.

Q. You know that Mr. Dart was not there? A. I know that.

Q. When was your attention first called to the fact that Mr. Dart was not there? A. I don't know as anything particular called my attention to it.

Q. Were your suspicions aroused at the time Mr. Gillett was there? A. No, sir.

RE-DIRECT EXAMINATION.

Q. Is that that power of attorney that you read from (handing witness a paper)? A. Yes, sir.

Q. Is that Mr. Watkins' signature there? A. Yes, sir.

Q. You may state if during the month of May, while Mr. Dart was gone and during the month, Mr. Perkins was out of the office a good deal of the time? A. I cannot say positively as to that; he was absent during office hours sometimes.

The power of attorney was here offered in evidence, but was objected to on the ground of immateriality, and objection sustained.

MISS PARRISH RECALLED. — DIRECT EXAMINATION.

Q. Miss Parish, will you describe to the court and jury the pencil list you had? What sort of paper was it? A. It was legal cap.

Q. More than one sheet? A. Yes, sir.

Q. How many sheets did it consist of? A. I do not know.

Q. What is your best recollection? A. Well, there were some that were not kept; they were destroyed.

Q. What became of those that were preserved? A. I do not know.

Q. Did any one take them away? A. Not that I know of.

Q. Who took them away? A. I do not know. I could not find them in the office.

Q. When did you look for them? A. I looked for them when I went up a while ago. I went with Mr. Perkins.

Q. And this is all that you could find? A. I do not know that there were any others.

Q. What ones were there that had disappeared that you could not find? A. I think there were more in pencil.

Q. Do you know where you got those names from? A. Yes, sir; it was from the pencil list.

Q. Who cut this off (referring to one sheet from which a portion had been cut off of the bottom)? A. I do not know.

Q. When did you first discover that was gone? A. This is the first — I do not know — it might have been off before.

Q. When you were writing you don't remember that was cut off, do you? A. I do not remember.

Q. You had these lists before you? A. Yes, sir.

Q. Can you recognize that paper at all? You never have written any names from this paper, have you? A. I do not remember any on that side.

Q. Do you ever remember sending this circular from this paper to any of those names? A. No, sir.

Q. Then the pencil list that you did send from is not here? A. That is not here.

CROSS-EXAMINATION.

Q. Do you know of any other list that you ever used that is not here? A. I do not know of any other.

Q. Do you know that there was any other list in that office than what has been brought here? A. No, sir.

L. H. PERKINS RE-CALLED. — DIRECT EXAMINATION.

Q. Mr. Perkins, have you produced all the lists that you had at any time? A. I have everything in the room that I have known anything about.

Q. Are these you have delivered to us all that you have had? A. There are some books that have names in them. I have everything in court that there is in the office that I know of.

Q. Are these books that you have furnished, and these lists, all the lists and all the names that you had in May, 1880, to which you sent these letters? A. No, not by any manner of means; I have no idea of the number of lists that we made up.

Q. Where are those lists? A. They were not preserved.

Q. When were they destroyed? A. I do not know.

Q. Were they in pencil or in ink? A. I presume that they were in both.

Q. How many pencil sheets were there? A. They were principally in pencil.

Q. Then this one mutilated sheet is all that you have left that were in pencil? I want to ask you where the list of Mr. Wakins' Eastern correspondents to whom you sent these circulars and letters is. How did you happen to send these letters and circulars to his correspondents? A. I do not know.

Q. When did you see it last? A. I have not seen those slips of paper for months.

Q. When did you see it last? A. I have not the faintest idea.

Q. Have you seen them any time since January, 1881? A. Not those memoranda.

Q. Do you know what became of them? A. I do not know; I know that they were thrown into the waste-basket.

Q. Who threw them into the waste-basket? A. Very likely I did.

Q. Now, how many of those sheets did you throw into the waste-basket containing those pencil lists? A. I do not know; I presume there were fifty. Those general lists were not preserved.

Q. Now, do you remember what time you threw them into the waste-basket? A. I do not.

Q. Was it before or after this action was begun? A. It was long before.

Q. Was it before or after Mr. Watkins had published these articles? A. Long before that.

Q. Then it was long before the last of December that you destroyed them? A. Long before.

Q. How long before? A. Why, they were not preserved at all.

Q. Well, how long before that time? A. The most of the circulars were sent out principally in the months of May and June.

Q. And then did you at once destroy your lists from which you sent them out? When did you throw them into the waste-basket? A. I say that it is impossible to tell.

Q. How long, according to your best recollection, after you made out those lists, and sent these letters and circulars to these Eastern correspondents — how long after that time did you destroy them? A. They were at once destroyed.

Q. Then you would say it was done in June? A. Part of them; it would not all be done in a month. We sent out fifteen thousand of them.

Q. Was that all done in June, 1880? A. I could not say; I did not charge my memory with it.

Q. Did you know of your clerk, Miss Parish, sending out these letters and kindred letters? A. I do not know anything about those letters.

Q. You know what is in them? A. I know what is in them.

Q. Do you know where she got the list of names? Do you know where the names of Aaron Ganong and Valina Wallace came from? A. I do not.

Q. Where did she get the lists generally? A. We furnished them to her.

Q. Will you produce the lists that have these names on them? A. I cannot do it.

Q. Then she got them from other sources than this list? A. Lists may have been handed her that contained those names.

J. B. WATKINS RECALLED. — DIRECT EXAMINATION.

Q. Mr. Watkins, have you looked over these lists that have been handed us? A. Yes, sir, I have.

Q. Do you know these names — these persons — Aaron Ganong and Valina Wallace? A. I do. They are both my customers.

Q. I wish you would look over those lists and see whether you find Mr. Platt, of Plattsville Box. A. I do not.

Q. And see what of your correspondents are there? A. On this list are Ira T. Smith, Rev. William N. Sayre, H. R. Perry, R. G. Wilder, G. A. Dockstader.

Q. How many are your confidential correspondents? A. All that I have read so far.

Q. How many are there? A. On this list there are fifty-five of my customers, and six on the mutilated paper.

Q. Are these (showing witness another list) your Eastern or Western correspondents? A. These are our Missouri and Iowa agencies; there are six Missouri agents and one Iowa agent. There are fifteen of my customers in this book. And in this other book where the orders are given there are seventeen of our customers who have given orders from one to six and eight times.

Q. This list they brought in here, did this contain your customers? A. There is a list headed, "Furnished by postmaster," where they got one of our customers; that was from Vineland, N. J. On the list furnished from Racine, Wisconsin, they got two of our customers.

Q. Are there any others? A. No, sir; three in all.

Q. Then these postmaster lists caught three of your customers? A. Yes, sir.

Two letters, the lists of names, and two books were offered in evidence.

CROSS-EXAMINATION.

Q. You testify in regard to the number of your customers on those lists from recollection, do you not? A. I do.

Q. You can tell the name of each one of your customers? A. I can in most every instance; I did not count any one that I was not certain of.

Q. In that fifty-five list did you not send this article of which we complain, marked? A. I do not know, sir.

Q. Did you not cause to be sent to most of the parties a paper containing the article of which we complain, marked? A. I cannot tell whether that paper was sent to any of our customers.

Q. Did you not direct your clerk to take your list and mail papers to each one of them? A. I do not know whether I did or whether they were sent or not.

Q. And you do not know whether they were sent or not? A. I do not certainly; if they were sent to a few they were to all.

Q. Were they sent to a few? A. I do not know.

Q. You do not know whether you directed to be sent to your customers a paper containing an article of that character? A. I may have had them sent.

Q. There were more than eight thousand newspapers containing this article that you sent away? A. I presume so; I don't remember the number.

Q. And you don't know whether they were sent to your customers or strangers? A. They may have been sent to both.

Q. You have examined these lists, have you not? A. I went through them.

Q. In one of them you found fifty-five of your correspondents? A. I counted fifty-five that I recognized as my patrons.

Q. Now, Mr. Perkins had just as good an opportunity of knowing your list of correspondents as you did? A. He was not as familiar with them as I was.

Q. Did he not write more and mail more letters than you did? A. He had the general correspondence with them after they became our customers, but I worked them up.

Q. State if with this six hundred which you mentioned Mr. Perkins did not during the time that he was in your office do most of the correspondence? A. Most of it.

Q. He wrote more letters? A. But they were in the ordinary course of business.

Q. But they were addressed to them and sent to them? A. Yes, sir.

Q. Sent to them by mail by name and post-office address? A. Yes, sir.

Q. He wrote and addressed more letters to those correspondents than you did? A. I presume he did.

Q. Well, don't you know he did a great many more? A. Yes, sir; but I knew a great deal more about the names and addresses than Perkins, and Henry Putnam knows more about them than either of us.

Here defendant rested his case.

DIRECT EXAMINATION OF F. M. PERKINS BY G. J. BARKER.

Q. State your name, age, and residence? A. F. M. Perkins; age, 34; residence, Lawrence.

Q. State if you are plaintiff in this suit? A. I am.

Q. State if you are acquainted with the defendant in this action, J. B. Watkins? A. I am.

Q. State if you formerly worked for him? A. I did.

Q. State if you were acquainted with him before he came to this State? A. I was.

Q. State the facts with reference to your coming here and going into his employment? A. He first corresponded with me in the spring of 1875.

Q. Where were you living then? A. At home, in Racine County, Wisconsin.

Q. What was the nature of that correspondence? I mean if it was concerning your coming to Kansas. A. Yes, sir; propositions were made looking to my coming here.

Q. State if more than one letter passed between you and him? A. Several letters in the year, 1875, until in August of that year, he wrote me, stating that if I would come here and stay while he went away about three months, he would pay my fare to and from, and liberal compensation for the time. On the strength of that letter I came to Kansas.

Q. When did you arrive? A. I think on the 5th day of September.

Q. Did you see Mr. Watkins? A. I went directly to his office after dinner.

Q. Where was his office then? A. Where it is now, under the National Bank.

Q. State the first conversation, if any, you had with him in reference to your employment and wages — all that was said? A. There was but little said with reference to compensation before he went East. We talked over general matters pertaining to his business. He showed me through what he had at the time, and I began to familiarize myself with the work.

Q. How soon was that after your arrival in Lawrence? A. Within a day or two.

Q. And when did you go into his employment? A. It might be said from that date, I suppose. He took a trip South, perhaps, a week after I got here.

Q. About how long was he gone? A. A week or ten days, I judge, and during that time I was in the office with Mr. White.

Q. In 1875, when you first became acquainted with his business, how many clerks did he have? A. Only Mr. White was there.

Q. Then the business was carried on in 1875 by Mr. Watkins and Mr. White? A. Yes, sir.

Q. How long was Mr. Watkins gone South on that trip?

A. A short trip; a week or ten days.

Q. Before that time had you any conversation with him in regard to pay? A. We had a conversation in a general way. I was here, you know, on the strength of that proposition to remain and take care of his business when he went East, and on his return, if we could not agree on terms and I did not wish to stay, — did not like the business or country, — we were to settle upon a fair compensation. He was to pay my fare from Wisconsin here and back.

Q. How long after your arrival here did he make that Eastern trip or start on it? A. I should say within a month.

Q. Now, at and to the time he started on that trip, did you have any conversation about wages? A. I think not; I was to remain there; he gave me instructions regarding the work before he went South, and when he came back he asked me how I got along; and he remained in the office a week or two before he started, making up his route; and meanwhile I was familiarizing myself with the business — so I took charge of it with Mr. White.

Q. How long was he gone on that occasion? A. Until the latter part of December.

Q. During the time he was gone there was nobody in the office but you and Mr. White? A. No, sir.

Q. When did you have the first conversation in regard to pay? A. I think it was the latter part of December, after he returned. He and I were in the office one evening, when the question came up. Either he asked me what I wanted or I asked him what he was going to pay. I think I asked him \$1,000, perhaps \$1,200, and he said he could not pay over \$800; that he was willing to pay \$800; and I think we talked it over for an hour, and during that conversation he told me that while he could not afford to pay over \$800, he would give me the use of the office and chances to make short loans, and I could make more than the difference

between what I asked and what he was willing to pay. That, as I understood it, and as he did at the time, was to be a part of the compensation. He showed me a gold watch that he had loaned \$50 upon, and cited short time loans that I could get, knowing that I had a little money, and cited the fact that Mr. Dart had bought a farm in Woodson County at a bargain, and had some young stock, and said that I should have an opportunity for those things in connection with my work; and he said that some cheap farms would be offered that I would have an opportunity to buy, and told of his having bought Mr. White a house, and also stated that he had loaned Mr. Dart some money, which I knew. And the question was also raised about my deposit, and it was understood that if I kept my account with him I should have the accommodations given to them. I think I said, "If I keep my account with you, of course you will be willing to give me accommodations if I want them." He assented to it. My recollection is that I made that proposition. I remember his also stating that he wanted me to feel as free to use the office as he did himself; and I think from that conversation the matter of compensation was settled, he agreeing to give me \$900 for the first two years with those privileges.

Q. And from what time was that compensation to commence? A. That was to date from the 1st of January, 1876. Then he asked me what I wanted — what I ought to have for the part of the year that had passed; and I said I would be satisfied with \$150; that I knew the first two or three weeks in September I was not worth much then, and that I would be satisfied with \$150, and I made the entry in the cash-book corresponding with that amount.

Q. You went into his employment permanently? A. I went in for two years.

Q. In that conversation or any other conversation, was there anything said about the duties which you were to perform? A. When he first began corresponding with me, the burden of his letters was that he wanted a man to take

charge of his office ; that he could not leave ; that his business required him to be absent a great deal, and that he wanted me to take charge of his office in his absence. When he made his first trip South he gave me his office key. When he went away for the East I had charge of the office nominally. During this same fall, or about the time that he made this contract with me, he also made one with Mr. Dart for the same length of time.

Q. You may state what you did with reference to depositing money with him? A. I gave myself credit for \$150. I simply left it in his care. I opened a debit and credit account and placed that to my credit. I loaned him \$700 when I first came here. I had written him some time in the summer that I had from \$800 to \$1,000 that he might invest, and he knew I had it. I told him I brought it and deposited what there was of it in the State Bank. "Well," he says, "they are paying you no interest?" I says no. He says, "If you will let me have that money I will allow you ten per cent interest." At the same time he had a note maturing at the National Bank that was drawing twelve per cent.

Q. You may state, in regard to depositing and drawing your wages, how you did it? A. Followed the same idea that we talked that night. When I loaned out any of this money that I loaned him, to other parties, when it was paid in I took credit for it.

Q. And when you drew out money you charged yourself with it? A. I did.

Q. Was that the way you kept that account right along? A. When a loan was paid in I deposited the money to his credit at his bank and gave myself credit on his books.

Q. What exception or objection did he ever make? A. He never made an objection.

Q. Did he have knowledge of it? A. He did, and from me.

Q. Did you not have a credit there for years? A. I did.

Q. Were you single when you came here? A. I was.

Q. Married after you came? A. I was.

Q. Did the business increase right along? A. I think his business about doubled each year; that is, in the amount of money loaned — of course the other work was proportionately greater.

Q. In 1876 how many clerks did he have? A. There were myself, White, and Mr. Dart; the next clerk was Putnam, I believe. Putnam must have come into the office about the spring of 1878, and then there were others added along.

Q. What was there to those overdrafts? A. All that there was is that I drew the money, as the books show.

Q. Did you enter it always on the books? A. I did.

Q. And the books were open to his inspection? A. They were.

Q. You charged yourself with all the money you drew and as you drew it? A. I did. I might state right here, perhaps, that on one occasion after I had bought a farm in Ellsworth County, a half section of land, I met him one day in the doorway, and said to him, “I want to use \$200 or \$300 more than my salary.” He said that was all right.

Q. And then you sold that land up there? A. I traded it for this farm in Kanwaka Township.

Q. You used money along there in stocking that farm? A. Yes, sir.

Q. Now you may state when was the first conversation you had with him in regard to bringing up the books and tell all there was in reference to that matter, and why they were in that condition? A. We had a good many conversations, just a mere word or two. One time I think he asked me for a statement of Sprankle's account, his agent at Wichita; and, the books not being posted, I had to make it from the cash-books, and he suggested that the books ought to be posted up.

Q. About when was that? A. I think it was in the summer of 1879. It is my recollection that he and I mentioned

that matter when we were making an examination of Sprankle's account.

Q. Why were not they posted? A. We had not time; we were overworked.

Q. Do you remember of his having a conversation with you along in October, 1879, or along about that time? A. I think he did.

Q. What did he say at that time or any other time about taking force from the office to post those books? A. I do not have any recollection of that kind.

Q. Was it practicable to do anything of that kind? A. It was not. There was no one there who was competent to take any part in the books.

Q. State what you said to him in regard to his getting another bookkeeper or some one to assist you? A. When Green came into the office he said that Green was a bookkeeper and that I might have Green help me on the books; that is, I might have Green help me on the books when he had time. Green was put at a good many jobs. I tested him and found he was merely a boy; that he had had some commercial college instruction, but was not practicable at all, and so told Mr. Watkins.

Q. What did he say? A. He said he guessed he was not competent and he might be kept at drawing papers. I don't think I ever asked Mr. Watkins for an assistant. I thought he was around enough to see how things were going as well as myself.

Q. I will call your attention to Mr. Rudiger coming in there; do you remember when that was? A. Yes, sir.

Q. Now you may state if you and Mr. Rudiger together worked upon the books, making them up? A. Watkins told me that he had employed Mr. Rudiger, and that I should set him on the books; that he would not be there when Mr. Rudiger came in. When he came in I set him to work on the books, and of course gave him what little information he needed. The books, of course, were new to him,

and he had a good many questions to ask. I did not do much except to show him.

Q. State what your duties, responsibilities, and work were in that office? A. I was supposed to keep everything running; that is, everything except Mr. Dart's particular work. His work was attending to applications from the West. After the applications came into the office I was supposed to look after them until they were in the lenders' hands, East. I had to make the assignments. I took the applications from the pigeon-hole and consulted my order-book. I would have an application for \$500, and I had orders on the book for \$500. One man would want this, and another that, and I would see which it would best suit, and turn to our loan-journal, and enter down the lender's name, the amount, the borrower's name and his address, the rate per cent, and the date that the loan was to be dated from, and check it from my order-book as that order having been disposed of, and make a ticket, writing the lender's name and the borrower's name, the amount and date, and pass it to the younger help to draw papers. When those papers were sent west and came back, I paid them off.

Q. What about the correspondence? A. Well, that was a part of my work, too. All the correspondence east and part west was part of my work.

Q. How about the bank accounts? A. That was all under my charge. I knew where the money was coming from, where it was; and if a party wrote saying he had money to invest, it was my duty to correspond with him until I worked up an order. There was work enough for two men in addition to keeping the books. And the agents west would send in their bill for commissions; those came to me and I paid them. Tax sales had to be looked after by me.

Q. Tax-sale certificates on farms which you had loaned money upon? A. Yes, sir. My work seemed to cover everything, except the applications from the West, except

when Mr. Dart was out, and then I was expected to look after his work.

Q. Was your time more than occupied? A. I was crowded all the time for the last three years. Most of the work that I did upon the books was nearly all done at night; nearly all the posting was done at night.

Q. I will call your attention to your first conversation with Mr. Watkins in regard to your overdrafts. State when it was, where it was, and what was said between you? A. The first conversation, I think, was in April, 1880.

Q. Where was it? A. In his office.

Q. State just what was said on that occasion in regard to it? A. I met him at the office according to agreement.

Q. State how that meeting took place. A. It happened in this way: I was at the office at work. Mr. Watkins came in from Warne's store with a bunch of keys. He said that he was going up to the Rankin House to get possession. There was a key in my drawer. I took it out and said here is a key; perhaps this will fit. I will go along with you. He went down there and forced an entrance. On the way back I told him that I wanted to have a talk with him on business matters and would like to embrace that opportunity; but he said he would come down the next evening. The next evening I came down. I came into the office. I think he was there and the janitor was mopping out; so we put on our hats and walked out; went down towards the bridge; stopped there a few moments; came back to the office. The janitor in the meantime had got through; went in and sat down, and the question came up as to my salary. I think I asked him if he was going to raise my salary, and he said, "What is the condition of your account?" I said, "I am overdrawn about \$2,500," and he said, "Is that business?" I said, "The amount is larger than I expected to make it," and explained to him the reasons why. He asked me about the farm, what it was worth. I told him what I thought it was worth. He asked me about my stock, tools, and teams, and

I told him. I told him that I had a bunch of cattle that would be fit to turn off in June. I proposed to sell them at that time and pay him the money. I also told him that my brother-in-law had gone back to Wisconsin and that I did not care to keep the farm; did not think it profitable to run it with a tenant, and my purpose was to sell it at the first opportunity, and showed him that would balance accounts.

Q. What did he say in regard to that? A. I don't remember that anything special was said.

Q. Was there anything said about your having another meeting? A. I don't think there was.

Q. State, if you did have another meeting with him, how it came about and what was said? A. I was at work at my desk; he was coming down the aisle; as he neared my desk I said, "Will you be down town to-night?" He said, "I can be." When I got home I found Mr. Gillett there; I sat down and wrote a note and sent it by my hired girl to the office. When she came back I asked her if she delivered the note; she said there was no one at the office, and as the door was not locked she went in and laid it on one of the high stools in the aisle. The next morning I asked him if he got the note; he said he did.

Q. Was there anything said about another meeting? A. I do not remember another meeting or anything being said upon the subject until, one Monday afternoon, he came to me with a sheet of paper covered with figures. Says he, "That is the condition of your account." He had it figured up some \$2,800. He said, "I am going away. I wish the money in a week. I want that settled up before I go away."

Q. Was that in his handwriting? A. He had been computing my account.

Q. Do you know what rate he figured at? A. Twelve per cent.

Q. Did he ask you to pay twelve per cent? A. I said that was more than I would pay. He said he proposed to figure it that way at that time. We stepped out into the

hall, as I did not care to talk near a crowd of clerks. He said “This money has got to be paid back this week.” I said, “I am just as anxious to pay it as you are to have it paid.” I said I did not know as I could raise the money in a week. He suggested going to my friends. I said I did not care to go to my friends when I had stock to turn off. He said, “Go to your father; he can raise the money.” I said, yes, he could raise it, but it would take some time to get a letter there and back, and I did not think that was feasible. Well, he said, he did not know as I could raise that money in a week, and he would make me this proposition: that I would give him a deed to the farm, subject to a \$1,500 mortgage, and that I should give him a bill of sale of my tools and stock. I told him I could not do that and deed him everything for that little amount. He said he had rather have the money than the farm. I told him that I had been trying to sell the farm; had two or three customers in view. By the way, I think he offered to take a deed of the farm, stock and tools, and give me a contract back to the effect that I might control it. However, I did not assent to it, and it was left in that way. I think the next day, after thinking matters over, I told him I wanted to see him. We talked matters over and I made him a proposition then to deed him the farm. I think my proposition was to deed him the farm alone, simply with the \$1,500 mortgage on it, reserving the other stuff. I asked him if he would go out and see the farm. He assented; we went out and I showed him the farm.

Q. Can you state about the time you went to the farm?

A. It could not have been far from the 21st of April — about a week before his departure.

Q. But you made no definite arrangements in regard to it? A. He said he did not want the farm on my terms.

Q. What farm was it? A. The one known as the Taber farm.

Q. Well, you simply talked over matters that day. When did you have another conversation or any settlement of it?

A. I think we talked the matter over nearly every day until it was settled. I don't remember when the next conversation was, but I think it was on Saturday I told him that I had sold the place and the money would be paid Monday.

Q. Monday, what took place? A. Monday I gave him \$400 in currency and a check for \$2,000.

Q. Did you give him a note? A. I did.

Q. For how much? A. Four hundred dollars.

Q. Give all that there was said that day? A. It is my recollection that there was nothing said that day. I laid down before him a check for \$2,000. I don't remember whether I handed him the currency or told him I had it; I think I showed him the currency, however; I told him that I would pay that much in, \$2,400, and took it down to the Merchants' Bank and deposited it myself to his credit.

Q. Did you fix the interest question that day? A. No; I think that was settled another day.

Q. You may state all that was said when you gave your note and when it was. A. I think we settled the matter of amount on Saturday afternoon before I paid him the money. He said if I was going to pay \$2,400 we would settle right then and there as to amount, and I think it was there agreed to make the interest at eight instead of twelve per cent. I think that thing was settled before I paid him anything; I did not propose to pay him twelve per cent.

Q. What did you say in regard to your not paying twelve per cent? A. I told him that I could not pay him twelve per cent; that the money was lying idle in bank; that it was clear gain to him. When I told him I was going to pay him \$2,400 Monday, we added everything in, figuring it at eight instead of twelve per cent, leaving something like \$435 — something over \$400 against me after I would have paid the \$2,400; after I paid the \$2,400 and before the note was given, I told him he ought not to charge any interest, that I would pay it soon. He told me I might give a note due on or before a certain time; he drew the note for even \$400, leaving the thirty odd dollars

against me on the books, and said that he did not wish any of the employees to have an overdraft on his books; Mr. Dart had given him a note for his overdraft; that this note be made an even \$400, and that I should not use any of my salary during May, and then not have any overdraft on the books.

Q. After you had settled on that day, what conversation did you have in regard to remaining in his employ? A. I do not think anything; I might have asked him if he was going to increase my salary; I went to his back room and talked with him quite awhile and talked to him about an increase; I believe he said I was getting as much as Mr. Dart accordingly; he had advanced Mr. Dart to the management. I told him that Dart would only attend to his department, and putting him in that position was a mere figure-head any way, and that my salary ought to be increased, and he said he could not do it.

Q. Did you have another conversation with him before he went away? What was said about your remaining in his employ, or about six months' notice? A. I think he made this remark: "Now that we have settled these matters we have no claims upon each other further than in the event of either changing our relations due notice should be given."

Q. He said you should give him six months' notice if you intended changing your relation? A. Yes, sir.

Q. What did you say in regard to that? A. I think I simply assented, because I thought it was only fair that either should have notice.

Q. You have stated all the conversation you had with him in reference to those overdrafts. Now state if on these occasions he said that he desired to call your attention to that embezzlement of yours? A. He did not.

Q. That he preferred to call things by their own names? A. He did not.

Q. Did he state that in substance? A. He did not.

Q. You may state if anything was ever said in regard to its being embezzlement? A. No, sir, nothing.

Q. You may state who, if anybody, had keys to the money-drawer. A. I put a lock on the money-drawer; I put one key on my ring and handed the other to Mr. Watkins.

Q. Do you know if afterwards that key was given to Mr. Dart? A. I think Mr. Dart had that key after Mr. Watkins went to Europe the last time.

Q. Now, in regard to receiving money, did other parties receive money there in your absence? A. If a party came in to pay interest and I was not there, Putnam took it.

Q. I will call your attention to the clerks in the office. You may state if Mr. White was overdrawn in the years 1876-1877, and along there? A. He was.

Q. From 1877 to 1878? A. Yes, sir.

Q. From 1878 to 1879? A. Yes, sir.

Q. State if it was not a custom of Mr. Watkins' with certain of what is called his head clerks in the office to allow them to overdraw their accounts and accept in settlement of the same their notes with interest? A. It was.

Q. You may state what other conversations you had that you recollect with Mr. Watkins in regard to the use of money there, except what you have said? A. I don't remember any other, except it may have been, when I was overdrawn with Mr. White, I showed him a trial balance to that effect.

Q. You showed him a trial balance showing that fact? A. Yes, sir.

Q. Do you remember about how much? A. About \$179.

Q. What, if anything, did he say when you showed him that fact? A. Nothing.

Q. Making no command whatever? A. Not that I recollect.

Q. Before Mr. Watkins went to Europe the last time,

your authority was to draw drafts. Did he say anything to you in regard to that? A. No, sir.

Q. Do you know that Mr. Watkins kept at that time accounts in the Merchants' Bank? A. Yes, sir.

Q. And in New York? A. Yes, sir.

Q. And you were authorized to draw checks or drafts on them? A. I was.

Q. I will call your attention to the \$40,000 business, and state what there was in regard to overdrafts at the National Bank of Commerce, or some other bank, and in regard to those assignments of securities? A. It was quite a frequent occurrence for our books to show an overdraft at the Merchants' Bank; it had always been so.

Q. State whether there was anything to that? A. I don't think there was anything to it.

Q. What do you know in regard to it? A. The business was in as good condition then as it ever was. The books probably did show an overdraft on the Merchants' Bank. We seldom allowed an overdraft on the New York bank.

Q. Then you were overdrawing here? A. If the overdrafts came in before the money came in I knew where the money was coming from, and we sent out checks largely in excess of the amount in bank, and in case our drafts came in to an excess of \$3,000 or \$4,000, the bank paid them.

Q. Now you may state if you were managing just as prudently and carefully as you had been for years past? A. Just exactly.

Q. Exercising the same care and diligence as you had right along? A. Just exactly. Mr. Rudiger brought me each morning a statement, showing the balance at each bank, so I knew just what we had.

Q. I did not understand anything from Mr. Watkins about that assignment business. I want you to explain just how it was? A. An order would be given in New York to invest \$1,000. Sometimes the investor would send the money when he gave the order and sometimes he would not, but we knew it would be forthcoming. That order I would

enter upon my order-book, and an assignment made against some application in some pigeon-hole in the office. Papers would then be drawn and forwarded for execution, and when those papers came back the money had to be paid out; and the money would be deposited by the investor in the bank in New York or sent here and deposited. We did not keep each item separate. When the bond came in we drew a draft to pay it off. One balanced the other as a general rule, so that everything was kept running smoothly.

Q. He did not keep an account with each one of his clients separately, but took the money and it was passed to his credit. The bank account was kept in the name of J. B. Watkins, and that included money which was received from his various correspondents? A. Yes, sir.

Q. Now I want to call your attention to this matter of Mr. Gillett being in Mr. Watkins' office. State who Mr. Gillett was, and all there was about that transaction? A. Mr. Gillett was a cousin of my wife. He came into the office one afternoon when I was at work; came to the counter where everybody comes in, and I think I opened the door and he came to my desk. I think I was at work at the time making assignments — disposing of orders, and doing that, I was using the order-book, and the loan record, and I reached over those books to show him and told him at the time that we kept three books, and showed him the three; and I had them there on my desk.

Q. Was he there by any preconcerted arrangement? A. I did not know that he was. I did not expect him.

Q. I wish to call your attention to the conversation you had with Mr. Selig in regard to Mr. Dart. You may state what there was to that and all about it. About when was it? A. I think it must have been along in the winter of 1880, about February. I remember it for this reason: there was a gentleman in the office by the name of Reynolds, and he used to frequently remark Dart was going to his grave. I don't remember the conversation particularly,

but I have no doubt that we had one. It was the most natural thing in the world that we should.

Q. You stated that his physical health was a matter of remark in the office? A. It was; in the office and out of the office.

Q. State if Mr. Dart last winter did not have a fit of sickness? A. He did.

Q. Now, Mr. Perkins, I will call your attention to what is known as the confidential list. You may state if you did the corresponding with those gentlemen? A. I did.

Q. And had done it for how long? A. Ever since they had been clients of the institution — most of them.

Q. And whenever a loan was made or an investment made for one of those parties, his name was entered upon the book? A. His name was entered upon the order-book.

Q. You wrote those names frequently, did you not? A. I did.

Q. And you were familiar with them? A. I was.

Q. And with their addresses? A. Yes, sir.

Q. You may state if while you were in that office at any time you made a list of those correspondents? A. I did not.

Q. That whatever you have is from memory of their names and addresses? A. Yes, sir.

Q. I wish now to draw your attention to the character of the books that were kept there. I believe you stated there was only one or two clerks when you went in there. A. Mr. White.

Q. And you think the business doubled each year while you were there? A. About in that proportion.

Q. Was there a change in the system of book-keeping when you went in there? A. No books were kept when I went in there — nothing except a loan record.

Q. Who arranged and got up the books that were afterwards kept in that office? A. I did.

Q. State by whom the plan of the books in that office was made at the time you left the office? A. The original

books, that is the general books, I made the drafts myself. The other books were made as the business required, except the loan record, that Mr. Watkins had when I went in there.

Q. State if there was any system of book-keeping there that could not be gotten up by any competent accountant?

A. No, sir; the only difference that I know of between the system we kept and others is that it was one of the short systems. There are perhaps five or six different ways of keeping books.

Mr. Barker, having concluded the direct examination of F. M. Perkins, and before he could be cross-examined, arose and addressed the court as follows: If the court please, I wish to say a few words before going further with the case. This case has taken an unexpected turn and facts have developed that I was not advised of, and some of the evidence we need we find we have not got here and cannot get in time to use in the case. The case has taken an unexpected course to me, in some respects. Probably it is my misfortune or ignorance of the law, and under the circumstances I desire to dismiss this case without prejudice.

On the 16th day of December, A. D. 1880, F. M. Perkins, as complaining witness, instituted a criminal action against J. B. Watkins for libel, based upon the publication of the article for which the civil suits were brought. The criminal action was brought to trial before a jury on the 11th day of April, 1882, as appears by the following certificate of the clerk of the court, with the result as therein stated:

DISTRICT COURT, DOUGLAS COUNTY, KANSAS.

STATE OF KANSAS }
vs. } No. 709.
J. B. WATKINS. }

April 9th, 1881.—Information of County Attorney filed.

April 12, 1881.—Cause continued for the term.

October 5, 1881.—By consent of parties this action was continued to the next term of said court.

April 11, 1882.—A jury was impaneled in this action, and on the 12th day of April, 1882, after the trial thereof, a verdict of “not guilty” was rendered, in form as follows, to wit:

State of Kansas vs. J. B. Watkins. We, the jury, find the defendant not guilty. J. SAVAGE, Foreman.

I, M. Summerfield, clerk of the district court within and for said county of Douglas, do hereby certify that the above contains a true statement of all the steps taken in the above entitled action.

Witness my hand and the seal of said court this 17th day of April, 1882.

[SEAL]

M. SUMMERFIELD, Clerk.

The publication was admitted on the trial, and the defense was that the alleged libellous matter was true, and was published with good motives and for justifiable ends, all of which, under the laws of Kansas, had to be established to obtain a verdict of “not guilty.”

DISTRICT COURT, DOUGLAS COUNTY, KANSAS.

F. M. PERKINS }
vs. } No. 5045. Damages claimed, \$10,000.
J. B. WATKINS. }

April 23, 1881.—Petition of plaintiff is filed in this action.

November 12, 1881.—This case continued for the term upon the application and affidavits of plaintiff's attorneys.

April 17, 1882.—F. M. Perkins vs. J. B. Watkins, No. 5045. On motion of plaintiff the above action was dismissed without prejudice at the costs of the said plaintiff.

I, M. Summerfield, clerk of the district court within and for Douglas county, state of Kansas, do hereby certify that the above contains a true statement of all the steps taken in the above entitled action.

Witness my hand, and the seal of said court, the 17th day of April, 1882.

[SEAL]

M. SUMMERFIELD, Clerk.

The article upon which all of the actions herein mentioned were brought, is on pages 9 to 15 of this book.

That the article is true, and was published and circulated with good motives and for justifiable ends, has been established to the satisfaction of two juries, and twice to the satisfaction of the plaintiff and his attorneys, judging from the fact that he has dismissed, at his costs, two suits, in each of which he claimed \$10,000 damages, all of which the foregoing shows.

There has practically been four verdicts, that the article was true and published with good motives, and for justifiable ends.

DISTRICT COURT, DOUGLAS COUNTY, KANSAS.

APRIL 21, 1881.

F. M. PERKINS, }
vs. } No. 5003.
J. B. WATKINS. }

A jury is impaneled in this action, and pending the trial thereof court adjourned to April 22nd, 1881, at 8:30 A. M.

APRIL 22, 1881.

F. M. PERKINS, }
vs. } No. 5003.
J. B. WATKINS. }

Pending the trial of this action court adjourned to the 23rd day of April 1881, at 8:30 A. M.

APRIL 23, 1881.

F. M. PERKINS, }
vs. } No. 5003.
J. B. WATKINS. }

On motion of the said plaintiff it is ordered that this action be and the same is hereby dismissed without prejudice to the commencement of another action at the costs of the said plaintiff.

STATE OF KANSAS, }
COUNTY OF DOUGLAS. } ss.

I, M. SUMMERFIELD, Clerk of the District Court within and for the said County of Douglas, do hereby certify that the above and foregoing are true and perfect copies of the entries upon the journal of said court in relation to the trial of the within named action.

In witness whereof, I have hereunto set my hand and affixed the seal of said court, at my office in the City of Lawrence, on the 17th day of May, A. D. 1881.
[SEAL.] (Signed) M. SUMMERFIELD, Clerk.

I was one of the jurors in the above case, and would have given a verdict for the defendant if the case had been submitted at the time it was dismissed.
(Signed.)

1	<i>A B Wade</i>	7	<i>Wm Drape</i>
2	<i>A Henry Ful</i>	8	<i>W Randal</i>
3	<i>Oliver Johnson</i>	9	<i>S Creel</i>
4	<i>H W Almstead</i>	10	<i>J. Tyson</i>
5	<i>Robert D Hoastin</i>	11	<i>A. O. Finch</i>
6	<i>Charles C Emery</i>	12	<i>J C Barton</i>