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4 March 1869

A NEW SERIES
OF THE
GREAT CITY FRAUDS
OF
COLE, DAVIDSON, & GORDON,

CORRECTED AND ENLARGED.

BY
SETON LAING,

ASSIGNEE TO COLE'S ESTATE.

DEDICATED BY PERMISSION
TO THE RIGHT
HON. THE EARL OF CLARENDON, K.G.

— Quaeque ipse miserrima vidi,
Et quorum pars magna fui;—

Fifth Edition.

WILLIAM HOPCRAFT has purchased the Copyright of the sensational narrative of the "Great City Frauds of Joseph Windle Cole, and Davidson and Gordon in 1854," and at the request of a very large number of influential gentlemen in the City, has issued a Fifth Edition, corrected and enlarged, dedicated to the Shareholders of Overend, Gurney, & Co.

LONDON:
PUBLISHED & SOLD BY W. HOPCRAFT, 1, MINCING LANE.

PRICE ONE SHILLING AND SIXPENCE.

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PREFACE TO THE THIRD EDITION

TO

THE RIGHT HONORABLE

THE EARL OF CLARENDON, K. G.

Secretary of State for Foreign Affairs,

WHO,

BY HIS PROMPT AND VIGOROUS MEASURES,

WAS MAINLY INSTRUMENTAL IN BRINGING TO JUSTICE

THREE OF THE CHIEF DELINQUENTS

WHOSE FRAUDS ARE HERE RECORDED,

THESE PAGES

ARE, WITH PERMISSION,

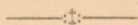
RESPECTFULLY DEDICATED BY

HIS LORDSHIP'S

OBLIGED AND OBEDIENT SERVANT,

SETON LAING.

PREFACE TO THE THIRD EDITION.



THE simple circumstance that a *Third* edition of this work has been called for within ten days from its first appearance, is a sufficient proof of the interest which it has excited in the commercial world. The opinions, also, which have been ex-

ERRATA.

- Page 48 Note *ante* p. 23 read 21.
" 81 see *ante* Note at p. 76 read 48.
" 106 see p. 106 read 107.

the work is again confidently submitted to the public. It would have appeared a few days earlier, but for an accidental delay in transmitting the approval of the Secretary of State for Foreign Affairs, who, in his official capacity, has consented to accept the dedication of the present edition.

S. L.

MINCING LANE,
June 17, 1856.

PREFACE TO THE THIRD EDITION.

THE simple circumstance that a *Third* edition of this work has been called for within ten days from its first appearance, is a sufficient proof of the interest which it has excited in the commercial world. The opinions, also, which have been expressed by the leading organs of the press, further satisfy the author that he has only performed a necessary duty in making known the true character of the enormous frauds of which the mercantile community were made the victims.

Opposition there has been, without doubt, to a publication of this nature, and hostile comments have been provoked ; but these consequences were foreseen, the source from whence they were likely to spring being too evident to create surprise. Dependent entirely upon the unanswerable logic of *facts* and *figures*, the work is again confidently submitted to the public. It would have appeared a few days earlier, but for an accidental delay in transmitting the approval of the Secretary of State for Foreign Affairs, who, in his official capacity, has consented to accept the dedication of the present edition.

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Price One Shilling-and-Six-Pence.

1, Mincing Lane,

1st January, 1869.

INTRODUCTION.

IF the moral improvement of a country bore an equal proportion to its material prosperity, we might well pride ourselves on the vast progress which has been made in England, since the commencement of the present century, in all that relates to the development of her industrial and commercial resources.

But, unhappily, recent events have only too clearly shown that, the greater the prize within reach of the active and honestly-enterprising, the greater the amount of fraud of which the mercantile world are made the victims, and the greater the number of those who, possessing activity and enterprise in superabundance, resort to the most dishonest means to crown their endeavours.

The City of London, the centre of all commerce and the scene of the largest operations that are anywhere transacted, is especially the arena into which fraudulent speculators most eagerly enter to achieve their nefarious ends. The evil is, in itself, of old date, but it has been reserved for modern times to witness its widest extension.

Amongst the many who have wronged the trust confided in them by the Merchants of London, the associated names of Cole, Davidson, and Gordon stand conspicuous for the frauds which they have perpetrated; frauds, which, it is deeply to be regretted, have, from a strange laxity of commercial principle, been allowed to operate to the disadvantage of the mercantile community.

Something of the history of the transactions of Cole, Davidson, and Gordon is already known to the public, and more would have been unfolded if justice had been suffered to pursue its even and impartial course; but the suppression of the city prosecutions in the Central Criminal Court in the month of February last, when the City authorities adopted the extraordinary course of instructing counsel to obtain an acquittal, on the plea that no further punishment could be inflicted on the defendants beyond that to which they had already been sentenced on a former trial,* has rendered it imperatively necessary that

* "At the Sessions of the Central Criminal Court, on the 6th of February, 1856, Joseph Windle Cole, Daniel Mitchell Davidson, and Cosmo William Gordon were indicted for a conspiracy to obtain goods under false pretences. Mr. Wild, Q.C., said he was appointed, with Mr. Ballantine, to conduct this prosecution on behalf of the Corporation of the City of London; but after an attentive consideration of the circumstances, they were both of opinion that it would not in any way further the ends of justice to proceed with the present indictment; and, therefore, with the sanction of their Lordships, he should refrain from offering any evidence. The Court was probably aware that three indictments had originally been preferred against the defendants by order of the Court of Bankruptcy, and all the defendants had been convicted, and two of them sentenced to hard labour for two years, and the other to four years' penal servitude. The authorities of the City of London had felt it their duty, in the first instance, to prefer another indictment, in case there should have been a failure of justice upon the other three; but as a convic-

the whole facts of the conspiracy in which the above-mentioned persons were united should be stated without reserve; not for the purpose of heaping additional obliquy on *their* heads, but for that of showing in what way commercial credit, the mainspring of all business, may not only be imperilled, but destroyed, by a system founded in fraud and upheld by a selfish consideration for personal interests. Had the trial, which was thus quashed, been allowed to proceed, the three prisoners might, it is true, have escaped without additional punishment; but it is humbly conceived — with all deference to the opinion of learned counsel—that “the ends of justice” would have been still more certainly attained by the production of evidence, not limited to the special purpose of convicting men already sentenced, but capable of showing the full extent of the encouragement and support which those men had received in the prosecution of their dangerous schemes from the influential house of Overend, Gurney, & Co.

It is the object of these pages to adduce the evidence which, on the occasion referred to, was not permitted to see the light.

tion had taken place, *they felt it was now unnecessary to proceed with it.*† Mr. Justice Wightman said, that if the learned counsel took upon himself the responsibility of stating that the ends of justice were satisfied by what had already taken place, the Court could offer no opposition to the course that was suggested. Mr. Ballantine observed that, even in the event of a conviction, the Court would not inflict any additional punishment upon the defendants. Mr. Justice Wightman said he was aware of that. Any fresh sentences would be concurrent with the one already pronounced. The jury then returned a verdict of *Not Guilty*, as regarded each of the defendants, and they were taken back to Newgate.”—‘Times’ report, Feb. 7, 1856.

† They also felt that, had the trial gone on, it would have been impossible any longer to screen the parties whose influence in the City is so widely acknowledged.

Great obstacles have hitherto been thrown in the way of those whose urgent desire throughout has been to make the truth in this matter apparent, by persons interested in its suppression; but the time has at length arrived when all the circumstances of the case can be as plainly as they will be honestly stated.

system founded in fraud and upheld by a selfish consideration for personal interests. Had the trial, which was thus quashed, been allowed to proceed, the three prisoners might, it is true, have escaped without additional punishment; but it is humbly conceived — with all deference to the opinion of learned counsel — that “the ends of justice” would have been still more certainly attained by the production of evidence, not limited to the special purpose of convicting men already sentenced, but capable of showing the full extent of the encouragement and support which these men had received in the prosecution of their dangerous schemes from the influential houses of Overend, Gurney, & Co.

It is the object of these pages to adduce the evidence which, on the occasion referred to, was not permitted to see the light.

It had taken place that day, and it was now necessary to proceed with Mr. Justice Wightman said that if the learned counsel took upon himself the responsibility of stating that the ends of justice were satisfied by what had already taken place, the Court could offer no opposition to the course that was suggested. Mr. Justice Wightman observed that even in the event of a conviction the Court would not inflict any additional punishment upon the defendants. Mr. Justice Wightman said he was aware of that. Any fresh sentence would be concurrent with the one already pronounced. The jury then returned a verdict of *not guilty* as regards each of the defendants, and they were taken back to Newgate. — Times' report, Feb. 7, 1838.

It may be said that had the trial gone on it would have been impossible any longer to suppress the parties whose influence in the City is so widely acknowledged.

CHAPTER I.

Early career of Joseph Windle Cole—His first connection with Charles Maltby—Cole's Partnership with Mr. Johnson—Failure of Johnson, Cole & Co.—Failure of Sargent, Gordon & Co.—New Firm of Cole, Brothers—Nature of Dock Warrants—Hagen's Sufferance Wharf—Lease of the Premises—Re-appearance of Maltby—His poverty—Application to Cole for Assistance—Appointed Superintendent of Hagen's Wharf—Assumes Proprietorship of the Wharf—Cole its real owner—Maltby's connivance—His Remuneration—Not a Licensed Wharfinger till December, 1853—Messrs. Overend, Gurney & Co's knowledge at that date of the Existence of Fictitious Warrants.

IN tracing the history of the gigantic conspiracy in which Cole, Davidson, and Gordon were the principal actors, it will be necessary to go back for a period of twenty years, and bring forward other names besides theirs; some, only casually connected with them by business occupations, or the accident of early acquaintance; others, more or less directly allied with the misdeeds which have become so painfully notorious.

Of Cole's career as a man of business this much has been ascertained from the authentic relations of two persons—one of them, Mr. Gray, who was a fellow clerk with Cole in the house

of Forbes, Forbes, and Co., and the other, Mr John Johnson, who subsequently became his partner. A statement also by Charles Maltby, who will be referred to in ample detail hereafter, confirms the accounts of Messrs. Gray and Johnson.

It appears that Mr. Gray (who continues to enjoy the entire confidence of his employers) entered the house of Forbes, Forbes, and Co., in the year 1835, at which time Joseph Windle Cole held the situation of shipping clerk in that highly respectable firm. In the following year, 1836, Charles Maltby, then a young man of about two and twenty, and four or five years junior to Cole, joined the same establishment, and was employed in the capacity of Custom-house clerk in the same department as Cole, and immediately under his orders. In consequence of their relative positions the two clerks became very intimate, but with this feature in their intimacy, that, owing to the difference of age, the contrast between weakness and vigour of character, and the official subordination of the one to the other, Maltby yielded at once to the supremacy which Cole asserted and continued ever after to exercise. It should also be mentioned in this place, and the reason for doing so will presently appear, that contemporaneous with Cole and Maltby, in the house of Forbes, Forbes, and Co., was another clerk named Sargant.

The duties which devolved upon Cole in the London house of his employers were performed by him so satisfactorily, and he had given so many proofs of mercantile ability, that, in the year 1840, the firm despatched him to India, to fill a responsible office under their correspondence at Bombay. After being absent about four years, Cole returned to England on the plea of ill-health, and was subsequently appointed to represent the London firm of Forbes, Forbes, and Co. at Liverpool, as their special agent there. For some reason which has not been ex-

plained, Cole ceased, in a short time, to be connected with his principals in any shape or manner, being summarily dismissed from their service. He then came back to London, and in the year 1845 was introduced, at the house of Sargant, Gordon, and Co., in Mincing Lane, to Mr. Johnson, with whom, on the 1st of January, 1846, he entered into partnership. This partnership subsisted till towards the close of 1847, when the firm of Johnson, Cole, and Co., suspended payments. Mr. Johnson was at that time in India, but when he heard of the suspension he made immediate arrangements for his return, and reached London in February, 1848, when, according to his own account, he was encountered by reports of having been a party to certain fraudulent practices of which his firm had been accused, the accusations in question proceeding, as he learnt, from Cole and his friends. Mr. Johnson states, that in the endeavour to ascertain the exact position of his affairs, he found great difficulty in getting at the books and papers of his firm, Cole during his absence having voluntarily sought the protection of the Court of Bankruptcy, and actually standing to receive his certificate (if unopposed) on the 8th March, 1848. Amongst other discoveries which Mr. Johnson says he made after his return was the fact that, on the very day of the suspension of his firm, Cole transferred tangible value in the hands of correspondents at Bombay, Calcutta, and New York, to the extent of upwards of 10,000*l.*, to Messrs. Sargant, Gordon, and Co. (who also failed a few days afterwards) in exchange for their acceptances for an equivalent amount, which acceptances were distributed amongst friendly creditors. Mr. Johnson adds, that "*ex post facto* entries were made in the books of the firm, of bills negotiated on Bombay, many months previously, the proceeds of which were never accounted for by Cole," and that he "knew nothing whatever of the transaction till long after its occurrence."

It thus appears that, in the year 1847, Cole was a bankrupt, and, his certificate having been obtained in March 1848, had to begin the world again. But to a man fertile in expedients, possessed of considerable mercantile experience, and confident in his own resources, the prospect presented no difficulties that he was not fully prepared to surmount. Of the damage which his reputation had sustained he took little heed, and relying upon the expectation that future success would throw the past into general oblivion, boldly recommenced business as a general merchant, under the style and firm of Cole, Brothers, though there is every reason for supposing that the "Brothers" (Francis or Frederick, and James Edward Cole) were never associated with him as partners, but were simply employed as clerks, and only put forward as occasion might require. To make use of stalking-horses seems, indeed, to have been a prominent feature in all the arrangements of Joseph Windle Cole, and notable instances of this system are developed in the transactions into which he entered with the firm of Laing and Campbell, which form one of the especial subjects of this exposure.

Although it is unnecessary to state, for the information of the mercantile world, the goods in docks are represented by warrants, which warrants pass current like Bank of England notes, allusion to their nature is desirable here, for the more perfect understanding of the occurrences upon which the prosecution was based which ultimately consigned Cole to a felon's cell in Newgate.

All merchandise, of whatever description, imported into the port of London, is divided into two categories: bonded goods, upon which no Custom's duties have been paid, and goods which are free of duty. Bonded goods are deposited in warehouses, where they remain under the custody of the Officers of Customs until the duties are paid or the goods are re-exported.

Free goods, as the term implies, can at any time be disposed of, at the will of the proprietor. On both descriptions of merchandise documents, called Warrants, are granted by the Wharfinger, at the wharf where the goods are landed, which declare that certain goods therein specified, imported by a certain vessel from a certain port, have been entered and are deliverable to certain parties, or their order, by endorsement thereon, on payment of all charges and rent from a certain date. When the holders of these warrants fulfil the conditions last stated, the goods are delivered on presentation, and the warrants themselves are cancelled; but in the interim, while the goods remain unclaimed, the warrants pass from hand to hand, like bills of exchange, or any other transferable security. The ownership or lesseeship of a wharf on which bonded warehouses are erected is, consequently, a guarantee to the public that all the business transacted there is of a straightforward and truly mercantile nature, and it suffices for merchants and brokers to hold the warrants issued by the owner or lessee who acts as wharfinger.

To exhibit a possession of this kind, or rather to have it represented by persons entirely subservient to his will, was the leading device of Joseph Windle Cole, when, under the name of "Cole, Brothers," he renewed his commercial operations after the bankruptcy of 1847. In the course of his search after such a property, he ascertained, in the year 1850, that a certain wharf, in St. Saviour's Dock, known as Hagen's Sufferance Wharf, and eminently suitable for the purpose he had in view, was to be let. Its suitability consisted in this particular fact, that, though small in extent and of somewhat narrow frontage, and having on it only a moderately sized shed and a diminutive counting-house, it was flanked on both sides by enormous bonded warehouses, which, to all appearance, constituted a part of the premises of the wharf, though they were

in reality rented by a separate firm from the same owner. The power of turning Hagen's Sufferance Wharf to account, Cole at once resolved to obtain, and with this object put forward his brother and nominal partner, James Edward Cole, and an individual named George Harris De Russett, to negotiate for the lease. This was granted to them by Mrs. Mary Hagen (the wharfowner), together with that of a cottage, on the opposite side of Mill Street, Bermondsey, for a term of 14 years, at an annual rental of 130*l*.

On this lease being granted, Joseph Windle Cole at once began to exercise ownership over the wharf, and handed over to a man named Brady, who had been care-taker to Ball, the previous tenant, the keys of the premises, on the part of his brother and De Russett, the new lessees, so that Brady continued to act for them as he had done before for Ball, and he received from Coles money to pay the men employed from time to time on the wharf.

It is at this period that Charles Maltby, the early associate of Joseph Windle Cole, reappears on the scene.

It would appear (from a statement which was found upon Maltby's person, when he was arrested, on the 22nd November, 1854, on a warrant charging him with participation in Cole's frauds) that the close intimacy between Maltby and Cole—interrupted only during the interval when Cole was in India—continued to subsist after they had adopted separate courses of life, for they became (though not very closely) connected by family ties, Maltby's wife's brother, Dr. Remington, having married a sister of Cole, and the latter having stood god-father to Maltby's only child; moreover, Maltby always looked up to Cole "as a patron worthy of his respect and gratitude, rather than the familiar friend of former days." Maltby's poverty had, no doubt, assisted in creating this reverent feeling, for he

speaks of his own situation in life as having been "worse than stationary," and a time at length arrived when he sought the assistance of Cole in his quality of patron, in the year 1849, about a twelvemonth after the "General Merchant" had again begun to throw out his nets. The "Ship Loan and Insurance Company," of which Maltby was then clerk and underwriter, failed, and he applied to Cole to assist him, if in his power, to procure some other employment. The answer which Cole returned has been preserved, and runs as follows:—

"Dear Maltby,—As I mentioned to you the other evening, my friend Mr. Meale, is still engaged with his old account, but if it suited you to come in here for the next fortnight, from ten or half-past until one, for a guinea a week, it would oblige us till our new youngsters come.—Yours truly, JOSH. W. COLE.

"Send an answer."

"Friday."

The answer, it may be presumed, was immediate and affirmative, and Maltby states that he served in Cole's office (in Birchin Lane) "for some time on the terms proposed." A man so needy and so humble as Maltby was likely to be Cole's obedient servant *in any capacity he chose*, and it is not surprising, therefore, that Cole selected his former fellow-clerk as the agent to execute the schemes which he then projected. Cole's first proceeding was to offer Maltby the appointment of Superintendent of Hagen's Wharf, which, he informed him, he had taken "to economise the charges upon his largely increasing trade in metals." Maltby was accordingly introduced to Brady, the care-taker, at Hagen's Wharf, by James Cole, who stated that he himself was going to India, and that Maltby would act in his stead. From that time forward Maltby appeared as proprietor of the wharf, paying wages and performing other acts indicating ownership, until Brady, having some disagreement with him, became desirous of leaving, and gave notice of his intention to Maltby, who declined to receive the notice, and re-

ferred him to Joseph Windle Cole as the real and actual proprietor. Being thus appealed to, Cole sent for Brady, and asked him why *he* (Cole) had not received the notice about his leaving, and said that if he had known there had been any disagreement he would have arranged matters amicably; at the same time he urged Brady to remain. The care-keeper replied, he did not know that Cole was *still* proprietor of the wharf, otherwise he would have acted differently, and Cole made answer that the proprietorship was really vested in himself, "conjointly," he added, "with other parties." Up to this time it is clear, from what has just been stated (and the statement was given in evidence at Cole's trial on the 25th October, 1854), that Maltby was not aware of Cole's real purpose in establishing him as superintendent of Hagen's Wharf, and confirmation of this fact is supplied by the statement that was found upon Maltby, besides various letters of his which contain the assertion that he was only an agent, and not a principal. He says: "The wharf was taken in the names of Mr. James Cole and Mr. De Russett, and I was not aware at the time that my name was to be appended to it. Mr. Cole, however, informed me that this was necessary, as otherwise he would not be able to deposit warrants or securities with his bankers." After this it would seem that Maltby tacitly consented to represent the ownership of Hagen's Wharf, for in all the proceedings which afterwards took place he continued to issue warrants extensively for dutyable as well as free goods, and signed the warrants "Maltby and Co., Wharfingers," leaving it to be inferred that "Hagen's Sufferance Wharf" was his and that the goods named in the warrants were lodged there.

It may be worth while, before this preliminary account is closed, to show what was the price which Joseph Windle Cole paid for services that were to render him so much advan-

tage. Maltby says: At first my remuneration was not fixed; the first year I received 130*l.*; the second 110*l.* I then remonstrated with Mr. Cole, and my salary was fixed at 200*l.* per annum, which was to include, however, payment of the extra duties of keeping the books of Paris and Co., Mr. Paris being unable to do so. I had at all times the greatest difficulty in obtaining payment of the quarterly instalments of even this small remuneration. I have never, directly or indirectly, received from Mr. Cole any compensation beyond this. I lived in the plainest possible manner, scarcely able to meet my expenses,—the education of my son being provided by the kindness of my relatives. My duties required my attendance at the wharf at about nine o'clock in the morning: I was frequently detained there until late at night; all the documents connected with the business were regularly made up and delivered to Mr. Cole; all warrants were made out by his instruction.

As a corollary to Maltby's ostensible position at Hagen's Wharf it must be mentioned that his name did not even appear in the Customs' books *as a licensed wharfinger*, although he had long assumed the privilege, until the 14th December, 1853, when he and George Harris de Russett, of No. 4, Birchin Lane, gave bond to her Majesty's Customs, with William Maltby, of Grove Hill, Camberwell, for their security; whereupon the Commissioners appointed Hagen's Wharf "a wharf for the lading and unlading of certain goods, landed under special leave or sufferance" of the aforesaid Commissioners.

It was, without doubt, to fix upon Charles Maltby a more complete responsibility than he had yet incurred, that Cole persuaded him to give the bond at so late a period as the 14th of December, 1853, for by that time the number of warrants purporting to represent goods at Hagen's Wharf had vastly

multiplied, and were known by the house of Overend, Gurney and Co.* to be fictitious, and Joseph Windle Cole must have

* In confirmation of this statement it is only necessary to refer to the following evidence given by Mr. David Barclay Chapman, of the firm of Overend, Gurney and Co., in his examination before Mr. Commissioner Goulburn in the Court of Bankruptcy, on the 10th of May, 1855:

THE BANKRUPT LAW CONSOLIDATION ACT, 1849.

In the Court of Bankruptcy.

Basinghall Street, London,

10th day of May, 1855.

In the matter of Daniel Mitchell Davidson and Cosmo William Gordon, of Mincing Lane and of Cousin Lane, Upper Thames Street, in the City of London, Colonial Brokers and Metal Agents, and of West Ham Lane, in the County of Essex, Distillers, Dealers, and Chapmen, and Copartners in trade, against whom a petition for adjudication of Bankruptcy was filed on the 20th day of June, 1854.

Before Mr. Commissioner GOULBURN.

David Barclay Chapman, of Lombard-street, in the City of London, Money-dealer, being sworn and examined at the time and place above mentioned, upon his oath saith as follows: I should think our firm have had transactions with the Bankrupts since the year 1847 or 1848. The first suspicion I had of the Bankrupts being in difficulties was in October, 1853; my suspicion was created by the discovery that similar warrants upon which we had advanced money were not represented by goods at Hagen's Wharf. Upon that discovery I had a communication with the Bankrupt Gordon. I charged him with the fact that the goods were not at the wharf, as represented by certain warrants we held, and upon which we had made him advances. Gordon replied that he had received the warrants from Cole—that Cole had lent him the warrants. He added that Cole, having previously lent him large sums of money, and not having more money, had lent him the warrants.—Q. Did Gordon express surprise that the goods were not at the wharf? I should say he did not.—Were his manner and conversation such as led you to suppose that he was aware of the fact? I should say, yes.—Do you remember whether Cole was present on that occasion? I don't remember whether Cole was present on that occasion. I first spoke to Gordon on the subject of the warrants, but I had an interview with Gordon, at which Cole was present.—Were the warrants at any time produced to Gordon? No, I think not, but they were referred to as the metal warrants he had lodged with us for the

been quite aware that his commercial reputation was a bubble liable at any moment to burst.

metal represented to be at Hagen's Wharf. After I had made the discovery that there was not goods at Hagen's Wharf as represented by the warrant, I did not give any warrants to Gordon, but they have remained in our possession ever since.

EDWARD GOULBURN, Commissioner.

DAVID BARCLAY CHAPMAN.

CHAPTER II.

Suspension of Lackerstein and Co.——Introduction of Cole to Messrs Laing and Campbell.——Cole takes up Lackerstein's Warrants.——His Presumed Motive for doing so.——Cole's First Dealings with Messrs. Laing and Campbell.——Negotiation of Loan in 1853 on the Security of Warrants.——Apparent Genuineness of the Securities.——Suspicious Rumours.——Other Persons' Goods Shown by Maltby as His.——He Refuses to Deliver Them.——Repetition of Former Trick.——Renewed Attempt by Messrs Laing and Campbell to Obtain the Goods.——Second Failure.——Coles's Explanation.——Messrs. Laing and Campbell's Letter.——Maltby Denies the Existence of Duplicate Warrants.——Cole Makes the same Assertion.——Exemplification of General History of the Warrants.——Failure of Davidson and Gordon.——Flight of Maltby.——Warrant for Cole's Apprehension.——Arrest of Cole.

HAVING stated these preliminary matters, we now enter upon the particular transactions between Joseph Windle Cole (representing the house of "Cole Brothers") and the firm of Messrs. Laing and Campbell, Colonial Brokers, of No. 39, Mincing Lane.

On the suspension of the house of Lackerstein and Co., in March, 1852 (who subsequently absconded), Messrs. Laing and Campbell held a number of warrants as security for money

due to them by Lackerstein and Co., amongst which were several representing spelter and Swedish steel. Cosmo William Gordon, of the house of Davidson and Gordon, called upon Messrs. Laing and Campbell, at their office respecting these warrants for metals, stating that they were the property of Cole, Brothers, who were anxious to be introduced to Messrs Laing and Campbell, it being their wish to pay the latter the amount of their advances, and to take up the warrants. Mr. Laing then accompanied Gordon to the office of Cole, Brothers, in Birchin Lane, when his first interview with Joseph Windle Cole took place ; previously to which he had been only known to Mr. Laing's firm by name.

Cole stated that Lackerstein had improperly got possession of the metal warrants from him, but that he was willing to pay Messrs Laing and Campbell the amount of their advances, and take up the documents. Mr. Laing declined giving him the warrants, unless he handed his firm bank-notes, and he then gave them an open cheque for 1,617*l.* 15*s.* (which was duly paid), in exchange for the following warrants, viz :—

Steel per Albion	...	...	...	...	32 tons 10 cwt.
„ Belle	...	...	...	...	40 „
„ Carl Johann	...	...	...	...	50 „

and on the same day another cheque for 708*l.* 6*s.* 7*d.* in exchange for a warrant of spelter, per Wave, 50 tons.

Messrs Laing and Campbell have no record of these warrants to enable them to discover where the goods were warehoused but they entertain no doubt that they were Hagen's Wharf warrants, and fraudulent ones, as Lackerstein and Cole were on very intimate terms and closely mixed up in business ; and as Lackerstein's character did not stand remarkably well at the time of his failure, they are firmly of opinion that his absconding was entirely attributable to his dread of these transac-

tions being discovered, and, consequently of his being involved in criminal proceedings. Thus the anxiety of Cole to release the warrants from the hands of Messrs Laing and Campbell was no doubt prompted by the fear of their attempting to sell the metals, and by so doing discover the facts of the warrants being fraudulent, which would have led to the immediate breaking up and exposure of the whole system of robbery then in operation. Messrs Laing and Campbell believe that Lackerstein had taken advances on metals from other parties; and to pay for these must have cost Cole a large sum of money. It was, however, without doubt, of vital importance to him to get possession of these documents, and, moreover, to do so at any cost.

At this period considerable speculation was afloat in the market for Cochineal; and Cole, Brothers, having in the manner above described opened business relations with Messrs Laing and Campbell, gave them instructions to purchase a quantity on account of the former, which was paid for in due course. Further transactions were entered into, all of which were regularly met; and finding Cole, Brothers, thus regular in their payments, Messrs Laing and Campbell operated for them largely during the remainder of the year, their account at the close standing thus:

Dr.			Cr.	
£103,049	1	6	£79,249	1
			23,800	0
			By Balance ...	

But notwithstanding this apparently honest mode of dealing, Messrs Laing and Campbell had not been introduced to Cole more than a month before he began to pass off some of his spurious warrants. He applied to them to lend him a sum of money against metals. When the first loan fell due, it was renewed on the 2nd of August, 1852;* a date which marks the

* These loans were all regularly paid off during the year.

commencement of his fraudulent dealings with Messrs Laing and Campbell.

During 1853 similarly extensive transactions took place; and at the close of that year Cole's account stood as follows:

Purchase and sale of goods and loans £110,000

In the month of July, 1853, Cole made an application to Messrs Laing and Campbell for the loan of 30,000*l.*, stating as his reason for asking it that he had been pressed for money by Mr. Chapman, of the house of Overend, Gurney and Co., who wished to reduce their account. This amount he afterwards extended to 41,000*l.*, and deposited as security for these advances warrants for bonded and free goods, tin, cochineal, spelter, &c., lying at different bonded and other warehouses. It was agreed between the respective parties that the advances should be made in such sums as Cole might require, and that he should from time to time deposit with Messrs Laing and Campbell warrants of sufficient value to cover the loans. Accordingly Messrs Laing and Campbell sent to Cole, Brothers, the following letter:

“ 39, Mincing Lane, 21st July, 1853.

“ Messrs Cole, Brothers.

“Gentlemen,—We have arranged to advance to you £30,000 for three months on the security of spelter and cochineal, the loan to be taken up within a week, and one clear day's notice to be given, with lists of goods and policy of insurance. Interest at the rate of 5 per cent. per annum, and three-quarters per cent. for commission.—Waiting your reply, we are, &c.,

“ For Laing and Campbell,

“ S. GOODBURN.”

In consequence of the receipt of this letter, Cole, on the 26th of July, sent one of his clerks to the office of Laing and Campbell, with a certain number of warrants, formal in all respects, and having every appearance of being genuine, and bearing on the face of them the declaration that the goods therein specified were Cole's property, and were then in the

possession of Maltby & Co., wharfingers, at their warehouse, on "Hagen's Sufferance Wharf, St. Saviour's Dock." Relying on the genuineness of the warrants, Messrs Laing and Campbell sent back a cheque on their bankers, Messrs Martin and Co., of Lombard Street, for £10,000., crossed with the name of Glyn and Co., Cole's bankers, who placed the amount to his credit. In the course of a week after this transaction, further applications were made by Cole to Messrs. Laing and Campbell, which were responded to by them by further advances, partly in cheques, partly in acceptances, until the whole sum borrowed between the 26th of July and the 9th of August, 1853, amounted to £41,000, all of which was lent without the slightest doubt on the minds of Laing and Campbell that Cole's transactions were perfectly *bona fide*.

This sense of security continued undisturbed throughout the year 1853, nor was it until the month of May following that anything occurred to give rise to a different feeling; but about that time rumours began to prevail in the City that all was not right with the warrants in which Cole, Brothers had been dealing so largely. These rumours reached the ears of Messrs. Laing and Campbell, and the uneasiness which they created quickly grew into apprehension when they found that the reports in circulation assumed greater consistency. They then thought it was time for them to ascertain the fact, by personal inspection, that the spelter and other articles for which they held warrants were actually in Maltby's warehouse at Hagen's Sufferance Wharf; and, in order to test their own power over the goods, they determined to demand the delivery of some of them, under the pretext of having effected a sale.

Accordingly, on the 18th of May, 1854, they sent by Lucy and Son, lightermen (as is usual when goods are required to be delivered which are held by warrant), two spelter warrants, to-

gether with a form of contract for sale addressed to Cole. The person who lodged these warrants at Malby's counting-house on Hagen's Wharf, was a man named Wilkins, in the employment of Lucy and Sons, and on the following day, May 19th, he went to the wharf and required the delivery of the spelter. He did not however, succeed in obtaining it; and having intimated the fact at the office of Messrs. Laing and Campbell, the firm at once despatched Mr. Samuel Goodburn, their confidential clerk, to inquire the reason why the goods were withheld. Accompanied by Wilkins, Mr. Goodburn presented himself at Hagen's Wharf and demanded the delivery of the spelter, but Maltby replied that before he gave it up he must see Cole on the subject of the rent for warehousing, adding, however, that the goods should be delivered next morning. Mr. Goodburn being impressed with the same desire as his principals to receive ocular demonstration that the goods were really in existence, expressed a desire to see the pile from which they were to be delivered. Maltby did not hesitate to accede to this request, but at once conducted Mr. Goodburn and Wilkins into a large warehouse running up one side of the wharf and adjoining his counting-house. He there showed them a pile of goods, and said, "That is the pile from which the spelter will be delivered." Upon this Mr. Goodburn and Wilkins withdrew, but returned again on the following morning, May 20th, at eight o'clock. Maltby, however, was not there to receive them, and they waited till one o'clock, when he made his appearance. In order that no difficulty might be made about the payment of the rent, Mr. Goodburn had in the meantime provided himself with an undertaking from Lucy and Co., which ran as follows :

"To the Superintendent of Hagen's Wharf.

"Please to deliver the spelter to our craft for which you have warrants ; and in case the sellers do not pay the rent, we engage to do it as soon as loaded."

This undertaking Mr. Goodburn showed to Maltby, but he again declined to deliver the spelter, whereupon Mr. Goodburn requested to know the amount of the charges, and offered at at once to go and get bank-notes to pay them, but Maltby still refused either to state what the charges were or to deliver the goods. Mr. Goodburn then asked him to return the two warrants, and Maltby gave them up. Having other warrants about him, eighteen in number, all of which represented spelter and tin in Maltby's (alleged) warehouses, Mr. Goodburn produced them, and demanded to see the metals. For the second time Maltby led Mr. Goodburn and Wilkins into the nearest warehouse, and conducted them over the ground floor, pointed out a large quantity of spelter and some tin which he said were represented in the warrants, and were all his.

Returning to Mincing Lane with his object unaccomplished Mr. Goodburn received from Messrs. Laing and Campbell two other warrants for spelter, on which the charges had been paid, and gave them on the same day to Messrs. Lucy to realise the contents. This attempt was no more successful than the first had been; and another interview took place between Mr. Goodburn and Maltby, when the latter stated that one of Cole's clerks had come down to the wharf and informed him that he would receive a legal notice respecting the delivery of the goods, but that until he did so they must remain where they were: he added that Mr. Goodburn might, on application at De Russett's office, in Birchin Lane, have the warrants back which Messrs. Lucy & Son had last lodged, and having no alternative, Mr. Goodburn accordingly reclaimed them.

The failure of all these endeavours having been reported to Messrs Laing and Campbell, the next step which they took was to address themselves to Cole, and received an invitation from him to attend in Birchin Lane, and hear his explanation.

Mr. Laing, therefore, went thither, on the 24th of May, and saw Cole, to whom he stated that he had heard Hagen's Wharf belonged to him and De Russett, and not to Maltby. Cole denied that such was the case, declaring that neither himself nor De Russett had anything to do with the wharf, and that Maltby was the sole lessee. But, however confidently this assertion was made, it did not deceive Messrs Laing and Campbell, who with every hour's intelligence received fresh confirmation of their suspicions, and on the same day that the interview with Cole took place they wrote the following letter:

London, May 24, 1854.

Messrs. Cole, Brothers, Birchin Lane,

Gentlemen.—By your own desire we waited on you at the hour appointed by yourselves, in order to arrive at some arrangement respecting the warrants on Hagen's Wharf in our hands, but the matter was again evaded, professing yourselves to be engaged in other matters, notwithstanding the time having been fixed by yourselves. We have expressed to you verbally the very weighty objections we have to the goods continuing at the above-named wharf, and as you still will not come to any definite arrangement with us, we intend to apply for delivery of all the goods there for which we hold documents, and in the event of meeting with any obstacle in the delivery of the whole or any part of the goods in question, we shall at once make application to the Lord Mayor for summonses against the wharfinger, and give notice by advertisement in the newspapers that we are holders of the said warrants, full particulars of which will be inserted.

We are, &c.,

LAING and CAMPBELL.

In pursuance of the intention announced in the preceding letter, Mr. Laing, accompanied by his confidential clerk, Mr. Goodburn, went down himself to Hagen's Wharf on the same day, May 24th, and there saw Maltby, and showed him all the warrants he held with Maltby's name as wharfinger attached to them, and, in reply to certain questions which he put, received an assurance from Maltby that no duplicate warrants existed,

that the signatures shown to him were in his own handwriting, and that, although De Russett was his partner, the latter had never signed a single warrant. As a further assurance that the warrants were genuine, Maltby also said he held fifteen hundred tons of spelter in the wharf, but when Mr. Laing expressed a desire to see the quantity named, he observed that he had received a notice of injunction from Cole, Brothers, prohibiting him from acting in any way upon the warrants, and therefore he should not again show the goods. That no stone might be left unturned in his endeavour to satisfy himself that the warrants were genuine, before he resorted to extreme measures, Mr. Laing again called on Cole, on the 26th May, and applied to be permitted to see the goods at Hagen's Wharf, but Cole peremptorily refused to give him an order to that effect, remarking that Mr. Goodburn had already seen those which were pointed out to him by Maltby. Another day or two elapsed, and Mr. Laing's suspicions having increased almost to certainty, he once more called on Cole, being accompanied this time by Mr. Page, a gentleman who had recently joined his firm as a partner, and in his presence directly accused Cole of having given him spurious warrants. The answer which Cole made was a declaration, upon his honour as a gentleman, that he had done no such thing, that Mr. Laing's suspicions were quite unfounded, and that the whole of the property was perfectly safe. Messrs Laing and Campbell, however, thought it right now to consult their solicitors: inquiries were set on foot, and although Cole could no longer be seen, discovery was made that not less than eighteen of the warrants handed by Cole to Messrs Laing and Campbell, and held at that time by them, amounting in marketable value to the sum of about £18,000, were altogether spurious and valueless.

The month of June, 1854—a period memorable in the annals

of commercial swindling—had now arrived, and the fraudulent career of Cole was rapidly drawing to a close.

On the 19th of that month the City of London was startled by the intelligence which met every merchant on 'Change, that the house of Davidson and Gordon, whose transactions were known to be of enormous extent, had failed, and that the principals had absconded two days previously. This event was the natural and immediate precursor of the downfall of Cole, who also stopped payment on the 27th of June; and that nothing might be wanting to complete the history of his failure, his myrmidon, Maltby, disappeared the same day. His track will be followed presently, as well as that of Davidson and Gordon hereafter, but something more remains to be said of Cole before the final step was taken which deprived him of his liberty.

As soon as Cole's stoppage was known, Messrs. Laing and Campbell made several attempts to obtain interviews with him, but without success. They continued in the mean time to investigate the position of the securities which they held, until the actual fraudulent nature of them became plain, and through the instrumentality of their clerk, Mr. Goodburn, they made the discovery, on the 4th of July, that the warehouses supposed to be Maltby's actually belonged to Groves and Son, of Rotherhithe. They then consulted Messrs Humphries, Son, and Morgan, the solicitors, of Giltspur Chambers, Newgate Street, and under their advice applied, on the 8th of July, for a warrant against Cole, which they obtained, and gave the necessary instructions to Daniel Forrester, the Mansion-house officer, offering at the same time a reward of £100 for Cole's apprehension. Great difficulties were, however, thrown in the way of the execution of the warrant, which was withdrawn two days after it was granted, owing to an opinion expressed by Mr. Goodman, the Lord Mayor's clerk, that the Lord Mayor ought

not to allow the warrant to be executed, in consequence of some information which had been subsequently given him by Mr. Goodburn, Messrs Laing and Campbell's clerk, respecting certain spelter having been shown the latter at Hagen's Wharf, which appeared to indicate that the spelter-warrant issued by Maltby, upon which proceedings had been taken, was genuine. Fresh informations had therefore to be laid, and it was not till the 17th of July that a warrant which could be acted upon was finally granted. In the *interim*, although the proceedings were conducted privately, means were adopted by his friends to make Cole aware of all that was going on, and he repeatedly sent his clerk, Nichol, to Messrs Laing and Campbell to endeavour to make some arrangement with them, offering to give them balances due by various firms to Cole—by Gillanders and Co., of Liverpool, and others—which offers they of course declined in any way to entertain. Failing through the medium of his clerk, Cole then sent his solicitor, Mr. Digby, who called at Messrs Laing and Campbell's offices in Mincing Lane at least a dozen times, and on every occasion urged the strong desire of Cole to relieve them of the warrants of goods which they held. On one of these occasions, when Messrs Laing and Campbell doubted his authority to make any proposals with the object of compromising with them, Mr. Laing expressed it as his opinion that Cole was not at the time in London, and asked Mr. Digby to obtain a letter from Cole authorising him to act. Mr. Digby replied that "he could do that in half an hour," and requested Mr. Laing to mark a sheet of note-paper, and he would bring Cole's authority upon it in writing. Within an hour Mr. Digby returned, bearing a letter in Cole's handwriting, of which the following is a copy :

"Messrs Laing and Campbell.

"Gentlemen,—Mr. Digby, solicitor, of Finsbury Circus, who presents this to

you, will communicate with you on the writer's behalf, in respect to your unfortunate loss.

(Signed)

"JOSH. W. COLE,

For Cole, Brothers."

Upon one occasion Mr. Digby offered Messrs. Laing and Campbell the sum of 1,500*l.* for delivery of the warrants, but they refused to listen to him in any way, being resolved to proceed against Cole on a criminal charge. It may be observed that one of the arguments employed by Mr. Digby at this interview to induce Messrs. Laing and Campbell to come to terms was the statement that all the spurious warrants had been withdrawn, excepting only those which they held; and there is little doubt that this statement was so far true that none of them would have been acted on, and that but for Messrs. Laing and Campbell the whole affair would have been hushed up, for reasons sufficiently obvious.

The warrant for Cole's apprehension was now out, but there is much likelihood that its issue would have been ineffectual, had the execution of the warrant depended only on the exertions of Mr. Daniel Forrester, the officer to whom it had been entrusted. Cole continued at large on the 17th and 18th of July, and so much at large, that casual information reached Mr. Laing that he had been seen on the last named day, very quietly walking in Cornhill. On the receipt of this news Mr. Laing promptly acted. He sought out Daniel Forrester, and told him what he had heard, and that he must now do his duty, and placed at the disposal of the Mansion-house officer a very intelligent young man, a clerk in his office, named Thomas Croker, who knew Cole by sight, which Daniel Forrester said he did not. On the 19th of July the following arrangements were accordingly made for securing the person of Cole. At five o'clock on the afternoon of that day, Mr. Laing appointed to meet Forrester in Cornhill, accompanied by his clerk. The

meeting took place, Mr. Laing withdrew, and Forrester took up a position in 'Change Alley, immediately opposite Cole's offices in Birchin Lane. Forrester then said, as he was too well known in the city to admit of his being seen loitering about, that he should withdraw for the present, but that he would send a person to act with him, whom the latter would recognise by a given sign. Upon this Forrester retired to a neighbouring public-house, and shortly after a man approached, wearing the dress, and having all the appearance of a common labourer, who gave the sign agreed on. For three hours the strangers patiently waited, watching the entrance to Cole's offices. Various persons passed in and out, but not the right man, until eight o'clock in the evening, when, greatly to their satisfaction, the delinquent Cole made his appearance.—“Are you sure of it?” was the question.—“Perfectly,” was the reply.—“To be quite certain, go close up to him, and if you are right take off your hat; I will then step forward and detain him till Forrester, who has the warrant, comes.”—This *programme* was instantly carried out: the hat was lifted, the stranger accosted Cole, who seemed undecided which way he should bend his steps, and before he was well aware of what had taken place he was in custody. He glanced at the warrant, made no remark, and gave himself up a prisoner. It is more than probable that, had he not been captured that night, he would the next day have been far enough off, having 320*l.* in his possession.

On his person when he was taken were found a number of warrants for goods, two of which were genuine, and the remainder, about sixteen in number, representing goods of the amount of about 30,000*l.* stated to be lying at Hagen's wharf, all fictitious.

CHAPTER III.

Maltby goes to Ostend.—His attempts at Self-exculpation.—Letter from Cole to Maltby.—Correspondence between Maltby and Mr. Digby.—Maltby advised to remain Abroad.—A London Detective Officer sent to Apprehend Him.—Difficulties in the way.—Great assistance rendered by the British Foreign Office.—Expulsion of Maltby from Belgium.—His return to England.—Interview with Mr. Digby in London.—Maltby Arrested at Brentwood.—He is conveyed to Newgate, and Dies there.

A NARRATIVE of Maltby's proceedings after his flight from London may here be appropriately introduced: it is derived chiefly from the record of them afforded by the papers which were found upon him when he was captured at Brentwood in Essex.

It appears, then, that when Cole became aware he must of necessity stop payment, one of his principal objects was to get Maltby out of the way, and thus prevent the production of the most material evidence against him. The stoppage took place on Tuesday, June 27th, 1854; on the same night Maltby embarked on board a steamer for Ostend, where he arrived on the following day, and by the first post sent Cole intimation of the

fact, requesting at the same time a remittance of money, the balance of salary then due to him.

It is not necessary to refer to the letters addressed by Maltby to his wife further than to say that he expressly states in them that he left England "*at Cole's advice and request,*" and admits that he had been "*deeply to blame,*" but that *when the business had gone on in the same way for years* he felt every confidence in Cole. We pass on, therefore, to the following letter from Cole himself, dated July 13, 1854; "My dear Sir,—All I can inform you at present, in answer to your inquiry, is, that I think, until Davidson and Gordon's affairs are settled (*and their solicitor, Mr. Elmslie, I am told, is exerting himself to mitigate the angry feeling against them*), it is much more wise for you to pursue the course you have done. It might be more comfortable to you, as you do not like where you are, to go on to the lively capital, and to live somewhere in the environs, but your address ought not to be known to more than one party here, if you wish to avoid annoyance. *Captain Remington has been here, and says he has been to Masterman's, and told them it was your signature to an account there, which makes some noise here, as it had been said to Mr. De (Russett).** As you will probably move further *at once*, let me know your address, and news of interest shall be sent to you. Address to Mr. Digby. Yours, I. W. C."

For the first three or four weeks after Maltby's arrival at Ostend he had given his address, in the communications he was directed to open with Mr. Digby, at the Poste Restante, but on the 20th July he wrote word to him that his residence was "No. 16, Quai des Pêcheurs," and urgently requested information "of the progress of matters in which he felt deeply interested, and in the greatest anxiety." To this letter Mr.

*Vide Appendix A. *page 137*

Digby replied in terms by no means calculated to allay Maltby's anxiety.

1, Circus Place, Finsbury Circus, 22nd July, 1854.

"Sir,—Having been consulted by you, I think it right to inform you that circumstances of several descriptions have been divulged, *any of which might seriously affect you*, and to advise you not to return to this country just at present. You should not be induced to come here on any representation that might be held out of your being personally excused *with reference to particular transactions*, as I have reason to believe that good faith would not be kept, and it might turn out that you would find yourself entrapped with a view to *some other transaction of a different character*.* I cannot add more.—I am, &c., Arthur Digby."

This letter was answered by Maltby on the 24th July. In it he says: "I am most anxious to learn my exact position as to all occurrences, being myself free from all blame in any transactions alluded to. Of course I must not be a sufferer as to character, to protect which I must be allowed to act as I may suppose best. I beg the kindness of your earliest advice and information referring to enclosure sent by yesterday's post." (This was an inquiry as to whether he could be compelled to leave Ostend, or be taken away from thence under any pretence whatever.) "I should be safer from annoyance if I went on to Ghent, but have returned as above to former address."

No consolation, however, came from Mr. Digby, who wrote in the strongest terms to advise Maltby not to return to England. He told him it would be an unfortunate step for him to come for some little time, said Maltby might rely upon his

* An evident allusion to the forgery of Paris's name to the bill of exchange.
Vide Appendix A.

watching his interest in his absence, and offered to see and advise with him more particularly,—anything but an interview on the British side of the channel. Mr. Digby's next letter, dated July 25th, 1854, was intended as a *quietus*; he brought the whole force of the law to bear on the unfortunate Maltby:—
 “Sir, I have only further to say, that if you *could* succeed in clearing your character, it would be undesirable for you to remain away; but *this seems to me impossible, until further progress is made in settling Messrs. Davidson and Gordon's matters.* You must not overlook, that whoever may have advised you to do certain things, you (as the party doing the act) are criminally responsible, and no explanation you could give would, I fear, free you. The law as regards any act of a criminal nature is, that no urgency on the part of another, short of actual physical compulsion is any excuse for the person committing the act. It would not be deemed the slightest excuse, that a master told his servant to steal, or to do any other act which would render a liability to criminal proceedings. In fact, in criminal cases all are principals, whatever their position between themselves. Supposing even some parties would, at present, for the sake of getting your evidence, agree to overlook your fault, there are others who would immediately attack you, especially as to the bills you signed, of a positive intention in doing which I have in fact had intimation, and you may therefore rely it is by far, very far the best plan you can pursue, to keep away quietly, till progress is made here in lessening the number of charges that might be made against you,—which I have reason to hope will soon be done, if you are not yourself too hasty and indiscreet. Mr. Paris will certainly get you arrested for forgery if you come, till he is a little more pacified.* As to expenses, no doubt some of your family

**Vide* Trial in Appendix A. *page 137*

or friends will remit. There will also, I expect, be something arising from what was left on the wharf, not taken for the rent, which is to be sold forthwith, and the surplus brought to me, and out of this I may have something coming to you. You had better avoid France, as I have just had intimated to me that Forrester had been instructed to get you entrapped somewhere, if practicable, and your brother William has, I understand, heard of a similar intimation. I am, &c., Arthur Digby."

On the 28th July, Mr. Digby writes to tell Maltby it has transpired that a charge of conspiracy was to be attempted to be made out against him, respecting matters at the wharf. He also informs him that he will be safe from interference in any part of Belgium, as there was no treaty between that country and England to render up parties upon any alleged offence. He adds: "It may be well, however, not to be too near the water, lest you should be inveigled on board ship."

A few days later, August 3rd, referring to the sale of goods on the wharf, mentioned in his letter of July 25th, Mr. Digby says: I have had an offer, but before concluding any bargain, I should prefer having *a letter from you requesting me to sell* what may remain at the wharf belonging to you; and after deducting expenses of sale, &c., to remit to you the proceeds, and stating in what manner I had best send it. I shall also be glad to have a letter from you to me, to obtain the keys from Toomy, and authorising me to pay him what may be owing. This had better be on a separate piece of paper, that I may show it to him as my authority for you in case of need.

It was, of course, Mr. Digby's object to endeavour to make it appear that Cole was not the owner of the wharf, but that Maltby *was*. The latter, however, would not "own the soft impeachment," but persisted, as he did throughout, that he always acted as Cole's servant. He accordingly replies: "I have to

acknowledge the receipt of your favour of 3rd inst. I conclude that you have *instructions from Mr. Cole* as to the goods at the wharf, which I suppose to be sufficient, *as I never acted in any way without his orders*. Upon my leaving England, I gave him up the key to procure books, papers, &c. ; and *by his order* Mr. Atkins (at the cottage opposite the wharf) has always kept the keys, who, no doubt, will hand them over to you." In a postscript, he adds : "I do not conceive I have any title to proceeds of, or authority over, any goods at the wharf." Failing in his direct application to Maltby to compromise himself, Mr. Digby tried another expedient. On the 8th August he wrote : "The reason of my writing to you for authority to Toomy to give up the keys, was because he had made objections to give them up to any person but myself, Mr. Atkins having left and entrusted them to him ; and he still makes objection on similar grounds. Perhaps he may have had some promise made to him, on condition of his giving information respecting you, for he has become rather mysterious in his manner."

But matter more pressing than the ownership of Hagen's Wharf occupied Maltby at this moment. Three days after the receipt of Mr. Digby's last letter, Thain, a detective officer of the City police force, made his appearance at Ostend ; being sent thither by Messrs. Laing and Campbell, to endeavour to arrest him. Maltby soon discovered that his position was becoming insecure, for, on the 13th August, he writes to Mr. Digby to tell him that the Chief Commissary of Police at Brussels had sent for his passport, with directions to the police at Ostend to forward full particulars respecting his arrival and stay in Belgium ; adding that he is informed, if sufficient case were made out against him, he should be expelled, or given up to the British authorities. This information he obtained, it is believed, through the medium of a Belgian Commissary of Police, named

Henmin, whom he paid to keep him *au courant* of any steps that might be taken against him.* For a time the proceedings produced no result beyond increasing Maltby's anxiety to get to some safer place further off; Aix-la-Chapelle, within the Prussian frontier, being the point he was desirous of reaching. Indeed, this city had been suggested by Mr. Digby, who was still desirous to increase the distance that separated Maltby from England. "Supposing," said Mr. Digby, on the 15th August, "(which I can hardly think possible) you could not get passed into Prussia, you had better make for Calais (or a French town where there is an English Consul), and, getting a passport from him, *proceed through France*, which you can do all the way by rail at no great expense." Mr. Digby then gently applies the screw as before: "I can quite enter into your feelings as to the state of suspense you are in; but, depend upon it, that is nothing compared to the suffering you would have to endure in prison here. And I can assure you that, at present, and until further progress is made in settling Davidson and Gordon's matters, there is no possible chance of your escaping many criminal prosecutions here, or of your avoiding conviction upon the bills, *the most serious charge being felony*, because I repeat, under whatever circumstances you may have been induced to sign, and however palliative you may think them, the acts have been yours; and you are, in the eye of the law, the responsible party." Mr. Digby does not close this pleasant letter without renewing his application for authority to sell what remained on Hagen's Wharf; and it appears he succeeded in obtaining a

* Maltby says in one of his letters to Mr. Digby:—"I have, and will use all interest to thwart the objects of the parties who are most actively endeavouring to procure my expulsion. I procured my passport from the British Consul here, which, *by assistance of a kind friend*, was well reported upon when sent up to Brussels with their forms."

conditional order for the delivery of the keys: "on the receipt of which" says Mr. Digby, "I will endeavour to get the things sold off, and balance remit to you. Meantime, I remit you £20 herewith, on account; and in another month you will probably be able to be more free in your movements. If you preserve strict confidence, you may rely on my at once advising anything that interests you." Three days afterwards, Mr. Digby again urges Maltby to shift his locality, observing—"It will, no doubt, be more safe to be further away from the water than Ostend;" and, as an additional reason, he tells him *Mr. Cole's* trial is to take place about the 19th or 20th of next month." To Mr. Digby's most disinterested advice Maltby, however, demurs, replying in these terms, which shows how accessible the Ostend police were to golden arguments: "As to my remaining here, if I can be allowed to do so, I think it more desirable, and safer than the interior. Wherever I may go in Belgium it is the same, as the police must have every knowledge of my residence; and, besides, *here I have a kind friend who is well known to all the officials,* and through whom I can use every means to frustrate any attempts as to being inveigled on board of ship.*"

Notwithstanding the exertions of his "kind friend," the authorities at Brussels were not satisfied respecting Maltby, and again he wrote to Mr. Digby for advice, who replied to him with the following shrewd suggestions: "I should advise your moving about; it is obvious the more countries you go through, the more difficult the search for you must necessarily be, and *I conceive you might get in to Prussia through Holland.* Should you, however, be taken—which I do not apprehend at all probable—I would advise you to abstain from making any explanations or statements of any kind relative to these matters

* This was his landlord, a person named Freymann.

until you have seen me." Between the 23rd and 27th August, Maltby went himself to Brussels, to endeavour (through an advocate learned in the law, a Belgian prototype, possibly, of his London friend) to obtain permission from the Minister of Justice to remain in Belgium, but he returned without success, and fearing expulsion and apprehension, he wrote to Mr. Digby, urging him to help him to make a good defence. In reply Mr. Digby sent over his clerk, Mr. Sharp, to confer with Maltby on the state of his affairs, and on the return of his emissary wrote again, on the 30th of August, to urge Maltby "to be moving," either with a passport or without one, hinting, benevolently, that the order from the Belgian government might be to deliver him up to the British authorities instead of expelling him. Still justice in Belgium seemed to move with slow feet, for the first week in September went by, and Maltby was still unmolested. Thain, the detective police officer from London, who was again on the spot (having only staid a week the first time—returning on the 22nd August,) sent word of the difficulty he experienced in accomplishing his object, and an application was then made, on the 7th of September, to Lord Clarendon, by Mr. Martin, M. P. (of the firm of Martin & Co., of Lombard-street), in the following terms:

"My Lord,

"My friends, Messrs Laing and Campbell, have to-day received another letter from the police officer at Ostend, stating, that up to the present date he is still without any further instructions from Brussels, respecting the promised expulsion of Maltby from Belgium. Messrs Laing and Campbell assure me, that unless Maltby is captured and brought to this country, a very serious difficulty may arise in the conviction of Cole, the day for whose trial at the Central Criminal Court is now close at hand. Under these circumstances, I have been most earnestly requested by those gentlemen to urge the prompt affording of some further facilities for effecting this most desirable object, as the just exposure of a case of this nature is of the utmost consequence to the entire mercantile community, both as regards the enormity of the offence itself, as well as the magnitude of loss involved."

This letter produced an immediate effect; on the 8th of September the Belgian "Administration de la Sureté Publique" dispatched a Royal decree of expulsion to be served on Maltby, without delay, and in the letter which accompanied the order, it was stated that "the English officer of justice at Ostend, for the purpose of watching the movements of Maltby would be informed by the Burgomaster of the steps taken on account of this individual." It was arranged in consequence, between the Ostend police and Thain, that the latter should be present when the order for expulsion was served, but the former did not keep faith with their London colleague; for, though they served the order at Maltby's lodging, as they were commanded, they took care to do so without Thain's knowledge, and when Maltby was absent. The latter assisted by his "kind friend," M. Henmin (who was promised more for his assistance than he ever received), succeeded in getting to Rotterdam, where, to cut off the trail altogether, he embarked on board an English steamer for Great Grimsby, which place he reached safely enough, but in a very bad state of health. On leaving Rotterdam he wrote to Mr Digby to inform him of his movements, and begged him to address a letter in reply to "Mr. Morley, Post-office, Great Grimsby." After this Maltby appears to have gone to London, where he had an interview with Mr. Digby, and then to have returned to Brentwood, in Essex, from which place he writes on the 21st of September, saying: "Since seeing you I have felt deeply anxious as to having the authority of *R. P. and others** for my signing, and I do trust you will do all in your power to to get it as soon as possible." On the 22nd Mr. Digby answers this as follows:

"I have been given to understand that there never existed

any distinct authority *from R. P.*, and there are no available means for obtaining it, as he has become very hostile, and would, I think, promote any steps against any one whom he thought had had anything *to do with the bills*, for he considers (or affects to do so) that he has been very badly used by all parties concerned in the business. An action was brought against him on one of the bills, and a verdict obtained, notwithstanding his evidence, denying his authority, and execution issued; to avoid which he is, I believe, out of the way, and other actions are pending against him. The only thing to be done would be to get proof of authority given indirectly, which could only be done by oral evidence in Court by the different persons who intervened with reference to them.

Beyond the intimation given to Maltby that Cole's trial was postponed till the October Sessions, no correspondence of any importance appears to have passed between the former and Mr. Digby; but on the 19th October Maltby writes:

"I think the time has elapsed when you told me that you expected information as to the proceedings on the other side; having depended upon you for information and advice how to proceed, I must beg to request you will not allow me to remain in ignorance. Surely the particulars of the charge (if any) against me can be learnt upon application to the proper parties, or where the warrant was taken out; without such or any information, you must allow I am acting in the dark, being unable to form any opinion myself—and indeed I must be guaranteed fully that my being absent during Mr. Cole's trial is desirable for my own part."

Mr. Sharp was sent down to Maltby to confirm the subject of the preceding letter, and then the correspondence closed with

the following characteristic letter, dated the 23rd October, 1854:

“Sir,—*I have communicated to Mr. Cole what passed between yourself and Mr. Sharp on Saturday last*, but have not yet been able to obtain a definite reply. I need hardly tell you that the fact of Mr. Cole being incarcerated in Newgate prevents much facility of communication, and you will not, therefore, be surprised at my not being in a position to give you a positive answer to your proposition this evening. I will, however, obtain one to-morrow, and you shall hear from, or see me, by to-morrow evening. I still advise, as I have always done, your remaining quiet until Mr. Cole’s trial is over; you cannot be in a worse position than than now, and by waiting and watching the course of events, you may, and probably would, be in a much better one, and be better prepared to take your trial. Mr. Cole will be tried on Wednesday, when, if you are still so determined, you can come up and surrender yourself, and take your trial. Should you do so, perhaps you will make some appointments for seeing me on your arriving in town. With reference to some of the matters discussed on Saturday, I find Mr. Laing’s clerk, in his examination before the Lord Mayor, swears that on his going to the wharf to see the goods, you represented to him that yourself and Mr. De Russet were the principals. I must again remind you that, assuming all you say to be true, the fact of your acting as the servant, or by the direction of another, is no excuse in law for the commission of a crime, nor would it save you from conviction.”

This appeal succeeded. Maltby did not appear, and Cole was tried alone; with what result will appear in the next chapter.

Of Charles Maltby little now remains to be said: his anxieties were nearly at an end—and so was his life! Thain, the de-

teective officer, who had returned from Belgium, but still held the warrant for his apprehension, received information from Mr. Laing that Maltby was staying at Brentwood. He accordingly went down there on the 22nd of November, and met him walking with his wife. The officer accosted Maltby, saying he was glad to have come across him at last. Maltby observed that he had not the pleasure of knowing him. "Oh dear!" exclaimed Mrs. Maltby, "this is the gentleman we used to see at Ostend."

The game was now up: Maltby read the warrant; his first question to the officer was: "Are Davidson and Gordon in custody? They are worth a hundred Coles!" On being answered in the negative, he said no more, but surrendered at once. He was then conveyed to London, a brief examination took place at the Mansion House, and he was conveyed to Newgate. A week afterwards—on the 30th November—he *was found dead in his cell!*

CHAPTER IV.

Cole Examined before the Lord Mayor.—Remanded, and finally Committed to Newgate for Trial.—Tried in the Central Criminal Court, 25th October, 1854, and Found Guilty of Misdemeanour, in Obtaining Money Under False Pretences.—Sentenced to Penal Servitude for Four years.—Public Opinion on Cole's Case.—Difficulties attendant on the Prosecution.—Refusal of Messrs. Overend, Gurney, and Co. to give any Information by means of which the False Warrants might be traced.—How Messrs Overend, Gurney, and Co. profited by adopting this course.

On the 20th of July, the day after his arrest, Cole was brought before the Lord Mayor for examination on the charge of having uttered false warrants for spelter and tin, with a view to defraud Messrs Laing and Campbell, to the extent of above 17,000*l*. The prisoner was defended by Mr. Clarkson, but notwithstanding the acuteness of the learned counsel he failed to obtain the discharge of his client, who was remanded on bail, himself in 2000*l*. and two sureties in 1000*l*. each, with twenty-four hours' notice to be given. These sureties could not be obtained, some of the persons who were offered being objected to, and others, who were applied to on behalf of Cole, having declined. Remands consequently took place from week to

week until the 18th August (fresh charges having in the *interim* been brought against the prisoner by Messrs. Laing and Campbell and W. H. Lord and Co.) when Cole was finally committed to Newgate to take his trial at the September Sessions of the Central Criminal Court. In consequence, however, of the absence of material witnesses, the trial did not actually come on until the following Sessions, when, on the 25th October, the prisoner was arraigned.

The jury, without retiring, deliberated in their box for a few moments only, and then returned a verdict of GUILTY.

M. BODKIN said there were several other indictments against the prisoner for similar transactions, but it was considered that the purposes of justice would be sufficiently answered by the present conviction.

Sentence was deferred till the following day, when the prisoner Cole was brought up.

The CHIEF BARON, addressing him, said—Prisoner at the bar, you have been tried and convicted for misdemeanour, for obtaining money under false pretences. The false pretence consisted in presenting, as a valid security for goods, warrants signed by a person named Maltby, purporting that goods were in his warehouse, when it turned out that no such goods at any time were there, but goods of that description were in a neighbouring warehouse, which it seems very clearly were pointed out to the clerk of the person who advanced the money. Upon the faith of those securities you obtained the sum of £10,000, and from the result it appears that by this false pretence you obtained that money, and the jury have found you guilty of using that security with a perfect knowledge that it was altogether worthless. I entirely agree with the verdict of the jury. I think from the facts which came out in evidence it is quite clear that you had a guilty knowledge of the security not being worth anything. I don't think it material to enquire whether this is one of many other instances in which the same sort of conduct may have been adopted and the same crime committed. There may be some reason for believing that this is not a solitary instance from part of the evidence adduced. This, however, I do not deem it necessary to enquire into, nor do I think material to enquire whether you intended ultimately to repay the money, and adopted this fraud merely to get over a present difficulty. The offence is that of obtaining a very large sum of money upon the faith of a security which was substantially a forgery, professing to represent goods which did not exist on the spot, and under the circumstances which the document represented that they did exist. I can conceive few offences of a dishonest character more dangerous to the community in which we live than that of which you have been found guilty. Comparing your offence with the dishonest acts of many thousands who have poverty and want, bad education, and worse example, as possible some extenuation for their offences, it appears to me that the offence of which you have been found guilty is among the worst that can be brought under the notice of a Court, the character of which offence is dishonest as between man and man. You have apparently been involved in transactions to a very large amount; but I can receive that as furnishing no pretence for saying that this by any possibility could have occurred through neglect and carelessness. It may have been either from a love of wealth, or a desire to become rich. You may have adopted this method of raising money when you had no legitimate means upon which to ask for credit, in order to get over a present difficulty; but in whatever way the transaction began, it

appears to me that your offence against society is one of the most dangerous, and one of the most criminal, that can be committed under circumstances of this sort. Upon these considerations, passing sentences of severity upon persons who commit crimes, in my opinion, far less dangerous, and far less criminal, it is impossible for me not to proceed to the utmost limit of punishment which I have by the power of the law the means of inflicting upon your offence, so that your example may deter others from committing similar offences, and that it may not be supposed that the magnitude of a man's transactions is to exempt him from a severe punishment, if he is guilty of that sort of disregard of the property of others which would bring persons in different circumstances to condign punishment. The sentence of the Court is that you be detained in penal servitude for the space of four years.

The prisoner attempted no remarks to the Court, and was then removed from the Dock.

It may not be out of place to add to the above report the editorial remarks of the journal in which it appeared :

"The trial of J. W. Cole for the circulation of fictitious warrants has terminated, and having been found guilty, the Court have ordered a sentence of four years' imprisonment. Justice having been thus vindicated, only a few remarks are necessary on the conclusion of this most important investigation. The facts elicited, which have not in the least degree varied, *show that a deep-laid conspiracy, that the organisation of months or weeks, but of years, must have existed between the unhappy individual, now under the judgment of the Court, and his associates—for associates there have been in his frauds—to sustain wild and reckless adventures by the introduction of simulated documents purporting to be valuable securities, at the expense of those into whose confidence he had been enabled to ingratiate himself.* The absence of the wharfinger Maltby, as well as other parties who are stated to have been deeply implicated in the transactions, has prevented for the present the whole of the circumstances attending these malpractices from being unravelled ; but sufficient has transpired to prove that, unless the most vigilant precautions are taken by brokers and others who make advances on warrants, they are not free from enormous pecuniary risk. It is to be hoped, for the credit of the commercial community at large, more especially the particular class who are interested in this question, that no parallel instance of delinquency will speedily recur ; but *if it should, it will behove whoever may be concerned to follow up the necessary proceedings with the same rigid perseverance as has been done on the present occasion, to trace the frauds and their perpetrators to the true source.* The sentence pronounced upon Mr. Cole meets the general merits of the case, and although to individuals, who are personal sufferers, it may appear somewhat lenient, the consequences which must attach to the culprit in another and more enduring shape will largely increase its responsibility."—*Daily Commercial Gazette*, October 27, 1854.

Although the delinquencies of Joseph Windle Cole were visited upon him by the sentence just recorded, it must not be supposed that all had been plain-sailing on the part of those who, impelled by a strong sense of public duty, instituted the proceedings against him : on the contrary, they had many difficulties to contend with in their endeavours to bring the culprit

to justice. Mention has already been made of the obstacles they encountered in their first attempt to obtain a warrant against Cole, and in the supineness of the officer to whom the warrant for his apprehension was entrusted, after it was finally granted: two very important witnesses* were kept out of the way at the trial, and an additional instance of the truth of the preceding assertion will appear in the following statement.

At the time when Messrs. Laing and Campbell were collecting evidence against Cole, they were not aware that Messrs. Overend, Gurney, and Co. either held or were cognisant of the existence of any fictitious warrants. Mr. Laing, one of the assignees to Cole's Estate when he became a bankrupt, in examining the margin of Cole's cheque-book, discovered that he had made payments to Overend and Co. during the months of July and August, upon metals *similar in all respects to those deposited with Laing and Campbell.*† Mr. Laing sent his clerk, Mr. Goodburn, to Overend, Gurney, and Co., requesting information to enable him to secure Cole's conviction. Mr. Goodburn saw Mr. Bois, the head clerk in the Loan department of Overend, Gurney, and Co., showed him one of the false warrants, and asked him for the information required. Mr. Bois returned for answer that *his principals never kept any account of goods when once they were taken up* [a most improbable circumstance], and never dropped a syllable to lead Messrs. Laing and Campbell to suppose, what was really the case, that Overend, Gurney, and Co. *actually held warrants themselves, at that very time, to the nominal value of 269,000*l.*, similar to those respecting which in-*

* These witnesses were Cole's confidential clerks, William Nichol and William Garner, the former being his chief clerk; every attempt to secure the presence of these persons proved wholly unavailing.

† See Quilter and Ball's Report. Appendix "B." Credit Accounts of 1853, and Bois's Affidavit. *Page 139*

quiries were being made of them nor was it until Mr. Chapman's admission of the fact in the Court of Bankruptcy, that their knowledge of the circulation of spurious warrants was positively ascertained!

Conduct like this was certainly not what might have been expected from a house of such high standing as that of Overend, Gurney and Co., who must have known that the sole object of Messrs Laing and Campbell was to do their duty towards the public, and expose one of the most iniquitous frauds ever perpetrated. So far, indeed, were they from *volunteering* information—as most houses would have done—that they literally withheld what they knew, though the revelation of the facts of which they were cognisant would have rendered the case for the prosecution clear at once, and have most materially advanced the cause of justice; but, having compromised the proceedings of Cole in October, 1853* Messrs. Overend, Gurney and Co.

* See Mr. David Barclay Chapman's evidence, *ante* p. 17, where he states that his "first" suspicions with respect to the genuineness of the warrants purporting to represent goods at Hagen's Wharf, arose "in October, 1853." But there is some reason for doubting the perfect accuracy of this deposition when the following facts are taken into consideration:—In the course of the enquiries which were conducted before Sir Peter Laurie at the Guildhall, preliminary to instituting criminal proceedings against Davidson and Gordon, Mr. Pelly, Metal Broker, of Ball Alley, Lombard Street, gave evidence (on the 14th July, 1855) that *as early as the Spring of 1853*, he was asked by Messrs Overend, Gurney and Co. to make enquiries about some Spelter warrants at Hagen's Wharf, and that Maltby showed him goods corresponding with those named in the warrants held by Overend, Gurney and Co. What motive could have induced Messrs Overend, Gurney, and Co. to send Mr. Pelly to make these inquiries, other than some doubt as to the genuineness of the warrants? Again: By reference to the statement respecting the Loan for £30,000 between Cole and Messrs Laing and Campbell in July, 1833 (*ante* p. 23), 21 it will be seen that Cole stated as his reason for asking for the Loan, that "he had been pressed for money by Mr. Chapman, of the house of Overend, Gurney and Co., who wished to reduce their account." Now it is patent to the commercial world that at the time of this pressure on Cole, there was nothing in the state of

seem to have been determined to stifle everything in the shape of inquiry likely to lead to a discovery of the real nature of the dealings in which Cole had been so long engaged. The motive for this reticence will be a mystery to no one who reads the clear and comprehensive report of Messrs. Quilter and Ball.*

the money-market to account for such a proceeding. (The money-market during the month of July, 1853, was very easy, the Bank rate being $3\frac{1}{2}$ per cent.) The cause for it must naturally, be looked for elsewhere: and, coupling this pressure with Mr. Pelly's inquiries, a strong presumption arises that if Mr. Chapman did not positively *know* in *July*, 1853, that the warrants which Cole dealt in were fraudulent, he could even at that time have made a *shrewd guess* at their actual character. At all events he was, by his own admission, aware of the existence of the false warrants for upwards of eight months before Davidson and Gordon absconded, or Cole stopped payment.

* See Quilter and Ball's Report. Appendix "B."

CHAPTER V.

Cole's Bankruptcy.—Choice of Assignees.—Messrs. Gabain, Laing, and Brebart Appointed.—Observations on the Duties of Assignees.—Reference to the Case of Lackerstein.—First Examination of the Bankrupt.—Second Examination.—Cole's Statement.—Amount of Property in his Possession when he failed.—Adjourned Examinations.—The Bankrupt's Accounts from January to August, 1854.—Reference to Messrs Quilter and Ball's Investigation into Cole's Accounts with Overend, Gurney and Co.—Cole included in a Criminal Indictment laid against Davidson and Gordon.—Cole's Cash Account for Two Years and a Half shows Transactions to the extent of upwards of Four Millions Three Hundred Thousand Pounds.—Messrs Overend, Gurney, and Co.'s Claim of One Hundred and Twenty Thousand Pounds.

ON the 19th August, 1854, the day after Cole was committed to Newgate for trial, he made himself a bankrupt, and the first meeting of the creditors of the estate, for the purpose of choosing the trade-assignees, was announced for the 16th September. On occasions of this description the result is generally unfavorable to the creditors' interests, assignees being chosen who either consent to occupy that position more as a matter of form than for the purpose of inquiring into the real condition of the

bankrupt's affairs, or who are disposed to act partially towards him. In this case of Cole, which involved a question of such public magnitude, Mr. Laing, of the firm of Laing and Campbell, at once resolved to be one of the assignees, and accordingly attended the meeting.

For some days previously two well-known attorneys had been actively canvassing to get the estate into their own hands ; but whether with a view to benefit the creditors or themselves was not allowed to transpire. There was a severe struggle : so much energy as was displayed is rarely manifest, except at a parochial election ; and the coarse and violent language of the attorneys' partisans seemed only the inevitable preliminary to a regular stand-up fight, when an eminent solicitor, Mr. James Freshfield, jun., put a stop to the disgraceful proceedings by denouncing them in no measured terms. Finding, then, that his cause was not likely to prosper, one of the afore-mentioned attorneys, Mr. Sewell, began to raise numerous objections to the selection of Mr. Laing.

In the first instance he appealed to the sitting Commissioner, Mr. Fonblanque, and stated that as Mr. Laing had instituted criminal proceedings against the bankrupt, he was by that act disqualified from being an assignee, although Mr. Sewell forgot to state that Mr. Laing had been previously canvassed for his interest on his own behalf. Failing in this endeavour, he instructed a barrister who frequents the Bankruptcy Court to oppose Messrs. Laing and Campbell in proving their claim, which he had himself previously sanctioned ; but this effort proved equally abortive with the former one, and the learned Commissioner having fully expressed his opinion on the matter, the opposition fell to the ground, and the assignees were appointed. They were three in number—Mr. G. Gabian, of St. Michael's Alley, merchant ; Mr. Seton Laing, of Mincing Lane,

colonial broker ; and Mr. Nicholas Brebart. The official assignee was Mr. Graham, and the solicitor to the trade-assignees Mr. Murray, of London Street.

Aware of the great responsibility of their office, and feeling certain that the commercial world would watch with a jealous eye the investigation of so important an estate as that of Cole, Brothers, who at that early period enjoyed the credit of having swindled the public out of about 400,000*l.*, the trade-assignees determined to have a solicitor of their own choosing—one who was independent, and beyond the reach of personal influence, however great. Mr. Murray was accordingly *requested* to undertake the task, his great ability in bankruptcy matters—so strikingly displayed in the evidence which he gave before the Bankruptcy Commissioners in 1854—making it evident that he was the best man to be employed on the occasion. Mr. Murray acceded to the request thus made to him, and the energy, the skill, and the honest zeal with which he performed his duties have left nothing to be desired. An acute and independent attorney can do wonders in bankruptcy cases, particularly when fraud has been practised ; but at the same time it must be allowed that an assignee properly elected, and who also does his duty, and is well versed in the bankrupt's transactions, can render the creditors most valuable services.

It is much to be regretted that creditors generally should take so little interest in winding up insolvent or bankrupt estates, particularly when a large amount of property is involved ; still more so when firms such as Cole, Brothers, come before the public. The system generally practised by men of that kind is, to appoint their own attorney and their own assignees, the latter, as has already been remarked, being seldom creditors, and taking no interest in the case beyond that of sheltering the bankrupt to the prejudice of the unfortunate

creditors. In illustration of this fact, the case of Lackerstein, who failed in 1847, and again in 1852, may be cited. The learned Commissioner's observations appear most instructive.*

* "Court of Bankruptcy, Basinghall Street, January 13th, 1853.

"(Before Mr. Commissioner FANE.)

"The official assignee, Mr. Cannan, stated to the Court there could be no doubt that the bankrupt had committed a fraud, inasmuch as he had, in order to obtain the advance from the Oriental Bank, falsified the invoice. The entries in his book and in the balance-sheet were correct, but information, recently received from the consignee, showed that the bankrupt had very much exaggerated the quantity of the goods sent out.—His Honour said, that under these circumstances he was of opinion that it was clearly the duty of the Oriental Bank to institute a prosecution against the bankrupt—it was a duty which they owed to the public, in order that this great and monstrous fraud might be punished. He wished to know whether it was the intention of the Oriental Bank to institute any proceedings.—Mr. Lowe said he had no specific instructions on the subject.—His Honour observed, he would not now wish to be understood as speaking judicially, but he hoped the Oriental Bank, if they did not prosecute in this case, would be cheated again and again.—Mr. Lawrence said, it unfortunately happened that public bodies were very reluctant to institute proceedings of any kind.—His Honour said that public bodies were especially bound to consult, not only their own interests, but those of the mercantile public. If it was true that the bankrupt absconded to the colonies, he could not for one moment suppose but that the colonial authorities would give all the assistance in their power towards the capture and punishment of the bankrupt. His Honour asked, what had been received?—Mr. Cannan—1,300*l.*, upon which a dividend of one shilling in the pound had been paid.—His Honour—How much of the debts?—Mr. Cannan—The debts and liabilities were about 120,000*l.* Some further assets were expected, the produce of consignments to Bombay and China, and from other sources, about 1,200*l.* probably.—His Honour ultimately observed, that the assignees and the Oriental Bank ought well to consider what course they would take; for his own part, though he might not be empowered to order prosecution, he would say thus much, that if the assignees considered it to be their duty to institute any proceedings against the bankrupt, he would sanction all the expenses necessary for that purpose. Surely the man who behaved so fraudently to his creditors should not be allowed to go unpunished—a man whose conduct really deserved the treadmill. His Honour concluded by adjourning the meeting till 1st July next, refusing protection; at all events let the bankrupt be got at either by civil or criminal process."—*Times*, 14th January, 1853.

It is a deplorable fact, that had the assignees in this case properly done their duty, Lackerstein, who absconded, would have been captured, and THE GREAT CITY FRAUDS, of which he was one of the originators, crushed in the bud.*

To return to Cole's bankruptcy:—the next proceeding was the examination of the bankrupt on the 7th of October, while his trial was pending, and he was brought up from Newgate for that purpose. Mr. Murray, for the assignees, said that Mr. Hulson, the bankrupt's accountant, had gone into his accounts, and was of opinion that an adjournment for two months was necessary. This was agreed to, and at the expiration of that period Cole, whose conviction had taken place in the interim, was again brought up to be examined. No balance-sheet had, however, been filed, owing to the want of papers and books of account, and the facts elicited resulted from the *viva voce* statements of Cole, under the searching examination of Mr. Murray. They were sufficiently startling.

Here are the *ipsissima verba* of the bankrupt, in so far as they relate to the general character of his dealings :

"I commenced business, under the firm of Cole, Brothers, early in 1848. I had no partner. I had been a bankrupt in the year 1847. I had no capital when I commenced business, except loans from friends. I cannot state the amount of those loans without reference to my papers. I began without any capital, as I have stated. I carried on business under the name or style of Cole, Brothers. I never took stock. I did no business that required my taking it. I never exactly ascertained the state of my affairs, but I had an estimate in my

* Mr. Laing (of the firm of Laing and Campbell) himself offered 50*l*, at that time to Mr. Lawrence, towards procuring the apprehension of Lackerstein, but the offer was not responded to.

own mind. At the end of 1848, or the beginning of 1849, I was rather prosperous. I knew continually the general result of my affairs, though I never exactly ascertained it. In 1853 my affairs, were in the most prosperous state of any time during the time I have mentioned. I was in a state of prosperity up to the summer of 1853*. I cannot tell what I owed at the period mentioned. I could ascertain from my papers what I owed in 1853; but there is no one book in which it is to be found. My business was extensive. Its original nature was business to the East Indies—consignments for orders and shipments on my own account. It was very extensive in 1853. The amount of my transactions in 1853 was about 2,000,000*l*. I mean that I was concerned in buying, or selling, or consigning goods to that extent, or very nearly. The principal goods I bought or consigned were tin, copper, spelter, and iron. The books of account kept by me in 1853 were an invoice-book, banker's books; no cash book; a banker's cheque-book. There were no other books to register my transactions, except a letter-book; but there were various papers, containing statements of my affairs. There were assurance-books, but no other books that I remember. I had no ledger—no journal. The banker's cheque-book was made as a rough cash-book. I should have spoilt my operations if I had allowed my clerks to write a journal. My cheque-books will enable me to make out a cash account. All moneys received in the course of my business, from the time I opened my banking account in 1848, went through my bankers to the credit of my account. All the payments I made in the course of my business came from my bankers. When I stopped payment I had no property very

* Prosperous I, no doubt, for he was then busily engaged in passing his false warrants!

material in my possession nor under my control. There were consignments. I think I had then two bills. I must add that there were surpluses of consignments or loans under my control at the time I stopped payment. In Christmas, 1853, I believe I was solvent. I do not consider that I was insolvent when I stopped payment. Upon reflection I entertain no doubt of my solvency in Christmas, 1853. I think I was perfectly solvent on the 5th of June, 1854, in the present year. I took out 1200*l.* from Glyn's on the 24th of June. I received it myself by cheque. A large portion of it has been applied to the defrayal of legal expenses. I am not prepared to state how much, but nearly all for legal expenses. I appropriated about 1000*l.* for legal expenses, paying accounts that were owing to solicitors. I paid Kersey and Co., solicitors 300*l.*; to Mr. Digby, solicitor, a larger amount—altogether, I think, about 600*l.* to Digby. The rest was disbursed in various expenses within a day or to after the 24th, with the exception of the money found on me by Forrester, the officer. Gave securities to creditors in June, between the 13th and 20th. Sent the creditors in question a cheque for 10,400*l.* The security consisted of four assignments. At that time those creditors made me advances. I sent them down to Liverpool a cheque on Glyn's for 10,400*l.* That cheque is not in the pass-book, nor on the margin of the cheque-book. The cheque was not paid, but I received it back again as cash advanced to myself. The payment of 320*l.* to Mr. Digby, the solicitor, was not until it was got from Forrester. The securities given up to me by the Liverpool creditors, to whom I sent the cheque for 10,400*l.*, were railway iron, bar iron, steel, and spelter. The goods were pledged to them for 10,400*l.*,* but they were of greater value. I had transactions in May with Sill and Mugins, of Liverpool. I obtained in ad-

vance for their Bills about 25,000L.,† upon warrants for metals. They drew upon Cole, Brothers. I got the 25,000L. It was all paid through Glyn's. I received no account from these parties, and can't tell whether they sold the securities or not. I do not know precisely how we stand, not having received any account. They gave me up securities as against other securities, I think, early in July, after I stopped payment."

Cole added to the above that he believed he had told the real state of the case, and said, in reply to a question from his own solicitor, that he had "reasonable hopes of being able to go on again in July." Had Mr. Digby's negotiations with Messrs. Laing and Campbell not been thwarted by their firmness and sense of Justice, Cole's hope was "reasonable" enough, as in all human probability he would, by that time, have been carrying on the same wide system of fraud by which he had already so greatly prospered. At the close of this examination, the case was adjourned till the 29th Dec.

On that day Mr. Bagley, on the part of bankrupt, urged an adjournment of two months. This was opposed by Mr. Murray, who said that much of the property had been made away with already, and, unless the bankrupt were put under some terms, the whole of it would be fritted away. The proposed adjournment was, therefore, limited to four weeks, and, on the 26th January, 1855, Cole was examined at some length with reference to his transactions with Davidson and Gordon. He stated, amongst other things not relevant to their affairs, that "a month before they absconded, he had received some of their acceptances for about 30,000L., and had endeavoured to negotiate the paper for them. The bills were afterwards given to his clerk to give to M. De Russett, and handed to Mr. Digby a

* † These warrants were nearly all fictitious.

security for De Russett's account." Mr. Murray asked: "What? bills for 30,000*l*.?" Cole replied: "Oh, they were not worth 300*l*.!"

Mr. Murray said, with respect to the "property," he believed he might write off not less than 40,000*l*. Mr. Graham, the Official Assignee, stated that the whole sum realized up to that time was only 6100*l*.

At the next meeting when business was transacted,—July 14th,—it was announced that an investigation into the accounts filed by the bankrupt, so far as it applied to the dealings and transactions between him and Messrs. Overend, Gurney, and Co., which had been undertaken by Messrs. Quilter and Ball, the accountants,* was not yet completed, and an adjournment took place for three months. It was also stated at this meeting that the amount of fictitious warrants in which Cole had dealt was close upon 346,000*l*.

While these frequent examinations were going on, active steps had been taken to procure the arrest of the absconding bankrupts Davidson and Gordon, who had fled to the Continent in June, 1854, and returned to this country in April, 1855, and subsequently to their return had been examined as well in the Court of Bankruptcy, with reference to their affairs, as at Guild-hall on a criminal charge. In the latter proceedings an indictment had been laid against them for conspiracy, in which Cole was included; and on this account when, pursuant to previous adjournment, another meeting of Cole's creditors took place on the 31st October, Mr. Murray said, that as in all probability the case would be tried at the next Sessions of the Central Criminal Court, it might perhaps create some prejudice against the bankrupt if any investigation took place at that time,

* See Quilter and Ball's Report. Appendix B.

in that Court, and the Commissioner therefore adjourned the meeting, *sine die*. On this occasion, however, Cole's cash account was furnished, which showed transactions to an enormous extent. In 1852, the payments amounted to 1,531,708*l* 11*s* 6*d*. In 1853, they were 2,000,744*l* 0*s* 4*d*, and in 1854, 770,750*l*. 18*s* 6*d*; making a total, in two years and a half, of upwards of FOUR MILLIONS, THREE HUNDRED THOUSAND POUNDS! As a set-off to this enormous sum, Mr. Graham stated, in answer to the enquiries of several creditors, that he had about 7000*l*. in hand; but that the Assignees were precluded from making a dividend owing to a large claim which had been made against the Estate by Messrs. Overend, Gurney, and Co., to the amount of 120,000*l*., and which was disputed by the Assignees.*

* This claim was subsequently relinquished: under what circumstances appears elsewhere.

CHAPTER VI.

Davidson and Gordon's Distillery at West Ham.—Their Embarrassments,— Debt to the Excise.—Cheque given for the amount, which was Dishonoured.— Large Deliveries of Spirits, and upwards of Three Thousand Pounds raised on the day they Absconded.—Their Flight to Belgium.—They reach Switzerland.—A London Policeman sent to Neufchatel.—False Passports.—Mr. James R. Beard, of Manchester, resolves to pursue Davidson and Gordon.—Assistance rendered by Lord Clarendon.—Mr. Beard reaches Neufchatel.—Renewed Flight of Davidson and Gordon.—Venality of the Swiss Police.—Search at Madame Fornachon's.—Subsequent Intelligence of the Fugitives.—Pursuit of them by Mr. Beard through Switzerland and Piedmont.—They Escape from Genoa, under assumed names, with a different Passport.—Mr. Beard's Diary.—He comes up with them at Naples.—Great difficulties in the way of Arresting them.—Application to Sir W. Temple.—Letter to the Foreign Office.—Mr. Beard returns to London. Interview with Lord Wodehouse.—Further assistance rendered by Lord Clarendon.—Arrest of Davidson and Gordon at Naples.—They are sent on to Malta.—Discharged from Custody at Valetta.—They Embark for Southampton.—Arrested there.—Conveyed to London.

THE close connection subsisting between Cole, Davidson, and Gordon, the mutual transactions in which they were involved, and the natural sequence of events, make it desirable to proceed now with the narrative of the fortunes of the two last-named persons, after their flight from England.

Independently of their pursuits as general merchants—importing colonial goods and exporting merchandise of all kinds—Davidson and Gordon carried on the especial business of distillers, being the proprietors of a large distillery at West Ham Lane, in the county of Essex, about four miles from their counting-house in Mincing Lane. This distillery had originally been the property of Mr. Thomas Webb, but in the year 1851 he executed mortgages on it to Davidson and Gordon, who then carried on the business, which was, no doubt, a very lucrative one. Had they limited themselves to this pursuit, matters might have continued to go on well with them; but intimately connected as they were with the fraudulent operations of Cole, and others whose delinquencies still remain unpunished, it was impossible for them to trade with success on the simple basis of honesty, and, as a matter of course, they fell into embarrassments.

In what way the condition of their affairs led them to the transactions with the house of Overend, Gurney, and Co., which have become so notorious, it is not necessary at this moment to speak, as that question will be considered hereafter; neither need the details be entered into here which refer to the assignment which Davidson and Gordon made of their interest in the West Ham Distillery. It is enough for the present purpose to state that, in addition to the involvements which caused their failure, and which amounted, in the gross, to the enormous sum of nearly 500,000*l.*, they owed the excise a large amount for duty.

This being their position in the month of June, 1854, they resolved to extricate themselves from it by absconding with what money they could raise upon the spirits in their possession. There was, however, a difficulty to be got over here, for the officer of Excise whose duty it was to superintend the premises

would not suffer the removal of any spirits until the duty owing had been paid. But the crisis in their affairs being imminent, and their resolve taken, Davidson and Gordon removed this obstacle by giving the Excise officer a cheque for the amount due, which he accepted in payment, and then gave them permission to deliver goods. There was only one defect in this arrangement, as far as the Excise was concerned, viz.: that when the cheque was presented it was dishonoured. On the other hand, it perfectly answered the purpose of Davidson and Gordon, who, as early as half-past six in the morning of the 17th June, made large deliveries of spirits to Messrs. Nicholson and Co., of St. John Street, Clerkenwell; to Messrs. Howell and Hale, Water Lane; and to Messrs. Grimble and Co., of Albany Street, Regent's Park. The delivery to Messrs. Nicholson and Co. was not paid for (Davidson and Gordon being nearly 20,000*l.* in their debt), but they gave Mr. Eves, the manager of the distillery, a cheque on Messrs. Glyn for 500*l.*, for a future delivery, for which cheque Mr. Eves obtained a Bank of England note, which he handed over to Gordon, about four o'clock in the afternoon of the 17th. From Howell and Co. Mr. Eves obtained an acceptance for 49*l.* 18*s.* 11*d.*, and from Grimble and Co. an acceptance for 2,150*l.*, both of which he gave to Gordon, who took them to Mr. Leonard, of Old Broad Street, to be discounted, and received from him an "open cheque"—by Gordon's desire—for 2,600*l.* This cheque was also cashed the same afternoon in five bank notes for 500*l.* each, and the remainder in smaller notes! Between four and five o'clock Davidson and Gordon called on Mr. John Forster Elmslie, their solicitor, and handed him 1,700*l.*, of which sum 1,200*l.* was subsequently paid over to the assignee of their estate in bankruptcy; but with this deduction made, the amount secured in cash by Davidson and Gordon previous to their flight was 1,400*l.*, irrespective of any other money they might have

had. The last time they were seen in business was by a clerk of theirs, named Walker, about five o'clock. They mentioned nothing to him of any intention to leave London, and he fully expected to have seen them again on Monday: it need scarcely be said that they left no money with him. On the same evening Mr. Prehn, a merchant carrying on business in London, saw Davidson and Gordon on board the Ostend boat at eleven o'clock. Arrived on the Continent, they proceeded to the Rhine by way of Brussels and Aix-la-Chapelle, at which places they changed two of the 500*l.* notes which they had obtained on the 17th of June, these notes being received from abroad, in the regular course of business, by parties in London. The fugitives were next heard of in Switzerland, being seen on the lake of Lucerne, in the month of August, by Mr. Imthurn, a merchant resident in London, who knew Davidson and Gordon by sight.

A clue to their "whereabout" being thus discovered, an officer attached to the London police, named John Mark Bull, was instructed to follow them, and he went to Neufchâtel, where he arrived on the 4th September. He did not, however, succeed in seeing either Davidson or Gordon until November, at which time they were comfortably domiciled in the neighbourhood of Neufchâtel at a place called "Chaux de Fonds," where they had made the acquaintance of one Madame Fornachon, with whom and with whose family, as it subsequently appears, they contracted a very strict alliance.* But

* Davidson and Gordon had dropped their real names, and assumed those of Sedgwick and Gray. Under the latter designations they had managed to procure a passport from the Consul-General for France in London, which was delivered to "George Sedgwick, Rentier, aged 31, travelling with his servant, Charles Gray." The address indicated was No. 47, Moorgate Street, and the bearer was described as going to Paris." It was dated October 3rd, 1854, and bore the Calais *visa* of October 5th. This passport was deposited at the British Embassy in Paris, and in lieu of it one of Lord Cowley's passports, dated October 6th, was granted to the

a sight of the fugitives was all that the London police officer took by his journey to Neufchâtel, for there being no mutual law of extradition between Switzerland and England, the persons of Davidson and Gordon were safe. The task of disturbing them in their quiet Swiss abode, of routing them out of Switzerland, of tracking them through Piedmont, and finally of hunting them down in Naples, was reserved for one of their creditors, Mr. James Rait Beard, of the firm of Beard, Brothers, of Mosely Street, Manchester, whom they had swindled to the extent of 5,000*l.* for which sum Messrs. Beard held bills of various amounts.

This gentleman who had kept himself informed of the movements of Davidson and Gordon in Switzerland, through the medium of commercial friends in that country, received a telegraphic despatch from Berne, on the 17th December, 1854, acquainting him with the fact that the fugitives were then at Neufchâtel. On the receipt of this intelligence Mr. Beare resolved to start at once for that place, in the hope of being personally able to accomplish what could not other wise be effected. He accordingly went to London, where at the request of Mr. Brotherton, M.P., he was furnished by the Earl of Clarendon with the following letter to the British Minister at Berne:—

“ Foreign Office, 19th December, 1854.

“ Sir,—This dispatch will be delivered to you by Mr. Beard, who, as you will perceive by the enclosed copy of a letter from Mr. Brotherton, is proceeding to Switzerland to attempt to recover a sum of Five thousand pounds, of which he has been cheated by Davidson and Gordon. I am aware, that under these circumstances stated in Mr. Christie’s despatches, Nos. 58 and 59, of the 30th ult., to which my despatch of the 13th is a reply, it will not be possible for you to give any official assistance to Mr. Beard, and this has been explained to him. But as

persons calling themselves Sedgwick and Gray. It was subsequently discovered that this passport had been originally obtained by the clerk of a London solicitor who was interested in the safety of Davidson and Gordon.

Mr. Beard seems to suppose that he has peculiar facilities for effecting his object, I do not hesitate to recommend him to your notice for such unofficial assistance as you can properly give him.

"I am, with great truth and regard, Sir,

"Your most obedient humble servant,

"CLARENDON."

Provided with this letter, and having made a legal transfer of the bills of exchange which he held of Davidson and Gordon, to parties at Herisau, in the Canton of Appenzell, Mr. Beard left London on the evening of the 19th December, and proceeded by way of Paris, Basle, and the lake of Zurich, to Herisau, where he arrived on the night of the 25th. On the following day he set out from Herisau for Neuchâtel, and, accompanied by a friend, reached that place on the 28th. During the first day of his stay at Neuchâtel, Mr. Beard remained quiet in his hotel, while his friend went out to gather intelligence of the persons he was in search of. Late in the afternoon the latter returned with the news that the fugitives had left Neuchâtel, in consequence of a telegraphic despatch from Berne, but were supposed to be at Chaux de Fonds. Mr. Beard went, therefore, that night to consult Mr. Phillippe, an advocate of the place, from whom he learnt that he had been employed by Davidson and Gordon to procure permission from the Neuchâtel Government for them to purchase land and domicile there, a request which had been refused. M. Phillippe stated that his clients were very poor, and had left the country! Mr. Beard greatly doubted the accuracy of this piece of information, and with reason, for he afterwards found out that on the 14th December they sold to a banker in Neuchâtel notes of the Bank of Belgium and railway coupons to the extent of 5,500 francs (2207), and that on leaving the town they took with them a sack of gold, which they had with them afterwards at Naples.

Dissatisfied of securing the professional assistance of M. Phillippe, Mr. Beard then addressed himself to Dr. C. Lardy, whom he retained to conduct the proceedings which he instituted for the recovery of his money. His next step was to apply to the Chief of the Police, whom he saw on the 29th December. That functionary informed him that Davidson and Gordon had really left Neufchâtel, but were not, he believed, far off; he promised to telegraph to different parts of Switzerland, but went away to visit his friends, and Mr. Beard never obtained any further information from him. "Point d'argent, point de Suisse." is a proverb which seems to be equally applicable to the civil authorities, as well as to the military in Switzerland, and Mr. Beard soon learnt from various quarters that Davidson and Gordon had been on very intimate terms with the police, whom they used constantly to treat at a small cabaret outside the town. He tried the Inspector of the Force, but did not succeed in getting any information out of him, and when he reported to him what he had heard concerning the body under his charge, the philosophical Inspector coolly observed, that "the greatest men had their price!"

On the 30th December, Mr. Beard ascertained, but not through the police, that Davidson and Gordon had lodged with Madame Fornachon, whose abode was on the mountain side about a mile from Neufchâtel, and he then obtained permission from the civil tribunal to search the house. Accompanied by a huissier, and two assistants, he proceeded thither. Madame Fornachon was at home, but not her lodgers, though there were plenty of traces of them in the shape of blouses for disguise, French dictionaries and grammars marked with their initials, clean linen from the washerwoman, dirty boots, two portman-teaus, and "the Gordon arms painted and framed!" Madame Fornachon shammed illness at first, but recovering herself, when

she found the ruse was useless, became very voluble, and declared that none of the property, which she admitted to be that of the fugitives, should be touched, because they had not paid their board and lodging: the gentlemen, she said had wished to do so, but she had refused to receive it, because in travelling they would have occasion for all the money they possessed. While the huissier and his assistants were engaged in making a list of the property found, Mr. Beard tried to visit some rooms on the upper story, but was desired by Madame Fornachon's daughter, Ida—a tall, good-looking young lady, of about seventeen—to come down, as it was her chamber, and his going there contrary to law. The attempt to discover the fugitives was therefore a vain one; indeed it turned out that they were actually gone, as Mr. Beard discovered two days afterwards through a *valet de place* whom he employed to give information concerning them. This person brought word that, on the 23rd of December, Davidson and Gordon had hired a cabriolet in company with M. Junod (a teacher of languages at Neufchâtel), and had taken the road to Berne; that after proceeding as far as St. Blaise, about eight miles distant, they dismissed the cabriolet, hired another, returned at night through Neufchâtel, *with the knowledge of the police*, and then pursued the road to Yverdon, in the direction of the Lake of Geneva.

The year of 1855 opened for Mr. Beard with a festival at the house of his advocate's father-in-law, where he was obliged to dine *en famille*: he commended Dr. Lardy's sense of hospitality, but would have much preferred a day of business, which however, was not to be thought of until the *fete* was over. On the 2nd of January Dr. Lardy was ready to accompany him, and together they started for Yverdon, where they found that Davidson, Gordon, and Junod, having taken their places in the name of the latter, had gone by diligence to Lausanne. Mr. Beard and Dr.

Lardy followed, and assisted by a very active and intelligent magistrate, made a search of all the hotels in and around the Lausanne, but without success. They then went to Ouchy, the port of Lausanne, on the Lake of Geneva, and called at a school where Junod's son was one of the under-teachers, but nothing was elicited from him. At length they discovered a boatman who had taken Davidson, Gordon, and Junod across the lake in an open boat to Evian, within the frontiers of Savoy. This man spoke of the fugitives as having exhibited dirks and revolvers while in the boat, and that they drank a great deal. Mr. Beard was further told that Davidson and Gordon had sent their heavy baggage by the steamboat to Geneva, and concluding from thence that they would make for that place, proceeded thither on the 4th January alone.

In Geneva Mr. Beard had to dance attendance on the police for several days, receiving assurances from them that the fugitives would be discovered, and one of their body was, indeed, sent to Evian, but returning without any tidings, Mr. Beard put himself into the diligence for Thonon (the town nearest to Evian) to communicate with the Intendente, who promised great assistance but rendered none. From the *Garçon* of the hotel, 'Les Balances,' Mr. Beard, however, wormed the fact that Davidson and Gordon had arrived there, had drunk a bottle of Beaujolais, and then engaged a carriage to take them to Bonneville. To reach that place it was necessary for Mr. Beard to return to Geneva, and he accordingly went back, and a lucky chance favoured the great object he had in view. Making a purchase of books at Munroe's English Library on the Quai des Burgues, he learnt that Davidson and Gordon had been well known there while staying in Geneva in the course of the previous summer; that a Dr. Davidson and family were residing there at that time, at whose house Davidson and Gordon con-

stantly visited, but that the acquaintance was not recognised in public. Mr. Munroe's son, who gave this information, added that Dr. Davidson and family had gone to live in Naples. This was a ray of light for Mr. Beard: he at once concluded that the fugitives would make for Naples, and thither he resolved to track them every inch of the way.

But before he set out directly on the Journey, Mr. Beard resolved to try what was known at Bonneville, and took the diligence for that place. At the Hotel de la Couronne he opened the landlord's heart with a bottle of his port wine, and was told by him that Davidson and Gordon had been there, calling themselves George Sedgwick and Charles Gray, with a passport from the English Ambassador in Paris: they were bad people, Mr. Hartman said,—one of them (indicating Davidson) was always tipsy, and they made a great show of their dirks and revolvers; he added, that they had left Bonneville in the diligence for Annecy. Returning once more to Geneva, Mr. Beard sent a telegraphic message to Annecy, and got back for answer that the two persons described had left in the Turin diligence under the name of Forbes. He then telegraphed to Turin and Genoa, and found that the fugitives had arrived at the former place on the 4th January, had stayed at the Hotel Feder, under the old names of Sedgwick and Gray, and had left on the 6th, DESTINATION UNKNOWN. To Turin, therefore, Mr. Beard, proceeded, arrived there on the 12th, obtained the assistance next day of Mr. Hudson, the British Minister, searched the city unsuccessfully, and then pushed on by rail for Genoa, where he put up at the Genoese Hotel Feder the same night.

Mr. Beard's own Diary will show what steps were taken by him in Genoa:—

"January 14, 1855. Had a long conversation with Mr. Feder, jun., who informed me that Davidson and Gordon came there, intending to stay some time,

and inquired for a teacher of Italian, to learn the language, but only took one lesson, and suddenly left one afternoon, stating that they were going to Milan; they had, however, been seen in the town two days subsequently. Visited Mr. Brown, the English Consul and received active assistance from him and his son for several days.

"15th.—Went with the Consul to the Intendente and Chief of the Passport-office, supposing them still in the town; had the registers of all the hotels and lodging-houses examined; went about disguised with spectacles, and false black beard and moustaches. Telegraphed to all parts; searched the registers of all the steam-boats and diligences, without success; visited reading-room constantly which Davidson and Gordon had frequented; called on a bookseller named Grondona, whose shop they used; got no information from him, though I could see he was in possession of some.

"16th.—Had Grondona before the Questore, to see if he would tell anything; no good resulted.

"17th and 18th.—Visiting the Intendente and Questore, morning, noon, and night, but no news.

* * * * *

"22nd.—Made the acquaintance of the Chevalier Prandi at the *table d'hôte*; gave an account of my pursuit of Davidson and Gordon, and their assumed names; was introduced by him to Signore Vanetti, Director of the Messageries, who informed me that Davidson and Gordon had been several times to his office, inquiring for a package from Neufchâtel; they had not been now for some days, and he had two letters and a package for *Charles Gray*. He gave me the letters. One was from Madlle. Ida Fornachon, at Neufchâtel, regretting their departure, and telling of the search I had made in the house.* The package I afterwards

* The following is a translation of the most amusing parts of Madlle. Fornachon's letter:—

"Neufchâtel 5th January, 1854.

"Be without fear about you know what.

"I yesterday received your letter, which, as you may suppose, gave us great pleasure. We write this with the object of satisfying you of the safety of the deposit which you confided to the two ladies F., and of the greater part of the things which you most want, such as linen and clothes. Everything that could be saved from the search we secured. If you could have seen how those people pounced, like birds of prey, on the things which remained, it would have made you laugh! One of the men asked mamma if she had any papers of your's? Mamma replied, 'yes', and when they demanded them she put into their hands a number of old newspapers, at which they were perfectly furious. They were so convinced you were in the house, that when they returned to town Monsieur Lardy went to the Prefect to tell him so, and he wrote us a letter to say that we were closely watched, that the police had their eyes upon us, and that we had better take care how we concealed you. The portmanteaus of *Uncle Tomm* are filled with

seized, through the Consul and Intendente; it contained a large supply of clothing. Heard from a teacher of languages, to whom Mr. Feder had introduced me, that Grondona, the bookseller, knew Davidson and Gordon had removed from the Hotel Feder to the Hotel d'Italie; went there with Mr. Brown, jun., and found, after giving a description of the men, that they were entered in the hotel-book as Jones, of Canada, and Elmslie, of Scotland; landlord remarked that they drunk greatly. On the 10th they left the hotel, carrying their own luggage, and refusing to have a porter, saying that they were going to Turin."

all sorts of things, and sealed up. As to the Bill (*bon*) we have kept that, and do not send it, being so closely watched for if they discovered what we were doing they would put us in the cage (*en cage*), but not take so much care of us as *Uncle John* did of my canary..... If you knew how dull the house is since you went away! The piano is no more touched, and is dull too, and 'Michel et Christine' is no longer played. We wrote to you on the 3rd to London, and sent the letter into the Canton de Vaud to be put in the post. I hope you will understand what we said. Write in reply to the address of M. Charles Petitpierre, at Neuchâtel, the place where you bought the caps (*casquettes*) before you left. Do not let too many persons become acquainted with you, for you are hunted after as people look for a needle, and please do not go out too much. Adieu. We perfectly understand your letter. Rely upon our devotion to you, and believe me always.

CHRISTINE IDALETTE."

Notwithstanding the bold front which Madame Fornachon and her daughter assumed, their courage failed when they were afterwards interrogated before the Criminal Tribunal of Neuchâtel, and they confessed to all they knew about the property left behind by Davidson and Gordon. Search was made in a cupboard at Madame Fornachon's house, and a sealed packet discovered containing Prussian railway shares of the value of over 1000*l.*, which eventually were confiscated to meet one of the claims of Mr. Beard. Besides Madame Fornachon her daughter, and her sister Madame Petitpierre, M. Junod, the companion of Davidson and Gordon's flight, from Neuchâtel, was interrogated, and in addition to other matters, it was ascertained that the person to whom Madame Fornachon forwarded her letters for Davidson and Gordon was "Mr. Sedgwick, No. 47, Moorgate Street," M. Junod also produced a letter of Gordon's, dated December 30, 1854, with no local mark or stamp, in which, rejoicing at having so far proceeded in safety, he says: "I trust, *since Providence has protected us until now*, that he will not abandon us"! This swindler's reliance upon Providence is something akin to Beppo, in Lord Byron's poem—

"He said that *Providence* protected him—
For my part I say nothing, lest we clash
In our opinions;—"

From what follows it appears that the fugitives resorted to another dodge, in order to accomplish their evasion without leaving any trace.

January 24th.—Searched the registers of all diligences and boats leaving on the 10th, but could not find any likely names; the only English inscribed on that day were Henry Wm. Hodding and Servant, on the boat for Leghorn*. As a last resort, went to the boatmen at the port, and found one who had taken the two men on board; the same steamer happened luckily to be in port on her return voyage; visited the Steward on board, and, crossing his palm, was informed that my two friends had embarked as master and servant, but when the boat was at sea, the servant had given him a five-franc piece to be allowed the same accommodation as his master. The Steward added, they were very nice people, and drank lots of 'Rhum.' Having got this trace, it was impossible for Davidson and Gordon to change their passports in Italy, as each step on the route was necessary for regularity. Sailed for Leghorn. Arrived on Sunday morning. Visited the English Consul, received great attention, and found Davidson and Gordon had visited Florence, then returned to Leghorn, and embarked for Civita Vecchia.

"26th.—Embarked for Civita Vecchia. Arrived on the 27th. Saw Mr. Lowe, Vice Consul; very active and intelligent. Found Davidson and Gordon had gone to Rome, but had not returned; thought, as they had a start of ten days, they would have seen Rome, and gone by land to Naples. Wrote to Mr. Freeborn, Consul at Rome, and determined to go on by steamer to Naples.

"Arrived at Naples on the morning of 28th January; procured a Sicilian Commissioner; put up at the Hotel de Russie. Visited the British Embassy. Saw there one of the Attachés, who stated that Davidson and Gordon could not be in Naples, because they were not entered in the books of the Legation; he refused to send any one with me to the Passport-office to make enquiries. Sent my Sicilian, and found Davidson and Gordon had been located four days at the Hotel de Rome, exactly facing my lodgings. Hired two Lazzaroni to watch Davidson and Gordon. Went to the Ambassador's in the evening; requested to see him; refused by a magnificent porter; slipped a piastre into his hand, and obtained an audience at 7 p.m.; related my errand; demanded the arrest of Davidson and Gordon; was told by Sir W. Temple there were many difficulties; replied I knew them, and did not come to him for information on those points, but for help to get

* The passport H. W. Hodding was dated London 31st December, 1855, procured through Sir Benjamin Hawes, for a young Surgeon proceeding to the Crimea. Davidson and Gordon got this passport at Genoa, and afterwards inserted—"and Servant"

over the difficulties ; assistance refused. Went with the Sicilian Commissioner to waste ground near the Bay ; dark night ; he pointed out two figures in the distance ; said they were Davidson and Gordon ; requested him to stand whilst I advanced to have a close look ; Sicilian seized hold of me, making a great noise ; he said I should be murdered, as they had pistols and dirks ; took a close look ; recognised them ; had their Hotel guarded at night ; bribed the waiter and boots of their Hotel to give information of any attempt to escape.

"Went next morning to the head of the Passport-office ; gave him 10*l*. He sent for Davidson and Gordon to know why they had not taken up their *carte de sejour*. Gordon waited on him, and was ordered to take his passports to the British Embassy ; got Mr. Park, one of the first English merchants in Naples, to go with me to the Ambassador, and to the Director of Neapolitan Police. The latter was afraid to act against Davidson and Gordon without the authority of Sir W. Temple ; could not get the latter to do anything. Was advised to go before our Consul, and make affidavit that H. Hodding and servant were Davidson and Gordon, with false passports : did so, and served the affidavit at the Embassy ; passports stopped. Gordon applied for them, was refused ; he went to the Passport-office, complaining of this ; was asked what he had been doing wrong ; replied, 'Nothing ;' said his name was Hodding ; when told it was Gordon, he nearly fainted, and offered any amount of money for another passport : this was refused. Gordon presented his revolver to one of the Lazzaroni, threatening to shoot him for following wherever he went ; man was frightened, and complained to me—(persons carrying arms in Naples liable to imprisonment) ; reported this to the police, but could not get them to arrest, the word of a Lazzaroni not being accepted. Wrote off to the Foreign-office, requesting Lord Clarendon to send orders for arrest. Waited on Sir W. Temple day after day, urging arrest, as I got information they were trying to arrange for escape with a vetturino, and a captain of an American ship. After much writing and trouble, got him to request the Neapolitan authorities to put Davidson and Gordon under police surveillance. This was effected, and two villainous-looking fellows were appointed to watch them day and night, walking after them wherever they went. Met Davidson and Gordon daily, at the Villa Reale, the English News-room, the Embassy, and at all the sights, also at the English Church, also when on the watch after them. A sack of gold, and other property, taken by Davidson and Gordon to Dr. Davidson's house. Gordon admitted at the Embassy that they were fraudulent bankrupts, but said they were never accused of forgery : asked if orders arrived for arrest, that it might be done quietly."

Mr. Beard waited in Naples a month for a reply from the Foreign Office,* but at the end of that time, his business re-

* Although some delay occurred (which could not be avoided) in the transmis-

quiring his return to Manchester, he set out for England, reached London in four days, and, applying at the Foreign Office, saw Lord Wodehouse, who stated that the necessary instructions had been sent off a fortnight previously; it appeared, however, that they had been despatched *viâ* Malta, under the supposition, on the part of the officials, of its being the most direct route. After this interview, Mr. Beard received a communication from Naples to the effect that the British Minister there had received positive orders for making the arrest, but that he had not yet acted upon them. He therefore wrote to Lord Clarendon, and received the following reply, explaining what the difficulties were which had thwarted his Lordship's efforts to secure the fugitives:—

“Foreign Office, March 20, 1855.

“Sir,—I am directed by the Earl of Clarendon to acknowledge the receipt of your letter of the 14th instant, complaining that no steps had been taken by her Majesty's Minister at Naples to obtain the arrest of Messrs. Davidson and Gordon, the two fraudulent bankrupts mentioned in your letter of the 2nd ultimo: and I am to state to you, in reply, that the difficulty of securing the persons of these two bankrupts has arisen, in the present instance, from there being no convention between this country and the Kingdom of the Two Sicilies for the mutual sur-

sion of the expected reply, Lord Clarendon had not been inattentive to the wishes of Mr. Beard, as the following letter will show, which reached Naples after that gentleman's departure.

Foreign Office, February 23rd, 1855.

“Sir,—I am directed by the Earl Clarendon to acknowledge the receipt of your letter of the 2nd instant, and to state to you that his Lordship, having consulted the proper Law-officer of the Crown, has instructed Sir William Temple, her Majesty's Minister at Naples, to take such measures as he may consider advisable to secure the apprehension of Messrs Davidson and Gordon, and their delivery into the hands of the British authorities at Malta, so as to ensure their being brought to justice. I am to add, with reference to the observations which you make in your letter, that it does not appear that you stated to Sir William Temple, when you requested his assistance for the apprehension of Messrs Davidson and Gordon, that those persons had been guilty of felony, or that any criminal proceedings had been instituted against them, or that any warrant had been issued for their apprehension.

“I am, &c.,

“WODEHOUSE.”

render of persons fugitives from justice, and that it has consequently been impossible to take criminal proceedings against Messrs. Davidson and Gordon, at Naples, upon the charge brought against them in England. I am to add, that all that her Majesty's Minister at Naples could do in this case was to refuse to fix the *visa* of the Legation to their passports, without which they could not leave the Neapolitan dominions, and then, with the concurrence of the Neapolitan authorities, to take measures, as you have already been informed Sir William Temple has been instructed to do, for their being sent to Malta, with the view of ulterior measures being taken against them. I am further to add, that Sir William Temple has not yet reported what steps he has taken for securing, if possible, the persons of the two bankrupts, but that he will be instructed to send home, forthwith, a report of his proceedings in this matter.

"I am, &c.,

"WODEHOUSE."

Very shortly after the receipt of this letter, the measures referred to by Lord Wodehouse were taken: Davidson and Gordon were arrested and sent on to Malta, whither the London police officer, Bull, was sent with a warrant from Alderman Farebrother to take them into custody. Bull reached Malta on the 2nd of April, but fortune still seemed to favour the fugitives, for on endeavouring to enforce his warrant, it was held to be illegal, and the Magistrate at Valetta discharged them. It was, however, useless for them to contend further against their inevitable fate, and they embarked for England in the Indus steamer, under the surveillance of Mr. Mark Bull, who accompanied them to Southampton, where they were at once taken into custody and conveyed to London ten months after their evasion.

CHAPTER VII.

Examinations of Davidson and Gordon at Guildhall.—Sir Peter Laurie's independent conduct.—The Circulation of Fraudulent Warrants the Great Feature of their Business.—Risk of Discovery in 1851.—Transaction with Mr. J. R. Edwards.—Opinion of the Recorder of London.—First Statement of Mr. David Barclay Chapman.—Evidence of Mr. Wm. Bois.—Discrepancy between the two Statements.—Results of the Concealment of the Prisoners' Dishonesty.—Case of Messrs. Freeman and Vaughan.—They Prosecute Maltby.—A Contrast.—Case of Messrs. Barnett, Hoare, and Co.—Mr. T. Webb's Evidence.—Mr. D. B. Chapman's Second Statement, somewhat different to the First.—Mr. D. B. Chapman's Third Statement exhibits further variations.—Mr. D. B. Chapman's Fourth Statement differs in one important respect from all he had said before.—A "perfectly passive" condition.

DAVIDSON and Gordon being at length in safe custody, the legal proceedings began which eventually—and fortunately—terminated in their conviction on one of the numerous charges brought against them. The word "fortunately" is used advisedly, for what with the reluctance to prosecute which was manifested by the City authorities, and the loopholes of the law through which the prisoners escaped on two different occasions,

was no easy matter to bring the charges home to them, although the moral certainty of their guilt was impressed on every mind.

The examinations which resulted in the committal of Davidson and Gordon for trial, took place at Guildhall, and occupied exactly three months, during the whole of which period—with the exception of the first examination, a formal one only, when Sir J. Musgrove presided—the proceedings took place before Alderman Sir Peter Laurie, and too much praise cannot be bestowed on that upright and impartial magistrate, for the acuteness, the firmness, and the independence which he displayed throughout the whole conduct of the case. The prisoners, in these preliminary examinations, were charged, under the Bankrupt Law Consolidation Act of 1849, with not surrendering at the time and place appointed, after notice had been given of adjudication in bankruptcy. Mr. Ballantine prosecuted on the part of Messrs. Linklater, the Solicitors to the Bankrupts' estate, and Mr. Clarkson and Mr. Bodkin, defended the prisoners.

It is scarcely necessary to observe, that in a narrative like this the reader must not look for any lengthened details of the proceedings, with the issue of which he is already fully acquainted, the real object of these pages being to indicate the criminality of three conspirators—Cole, Davidson, and Gordon—and to show what was the course adopted by those who, failing to denounce the frauds which came to their knowledge, inflicted thereby the most serious injury on the interests of the mercantile community. It will be sufficient, therefore, if we give the general facts of the case, and illustrate it by the most striking points of the evidence.

The great feature of the transactions by means of which Cole, on the one hand, and Davidson and Gordon on the other, con-

trived to sustain their commercial credit, was the emission and circulation of fraudulent warrants. These worthless documents, pledged in all directions, represented, and consequently were the means of raising, an enormous amount of capital, some of which was applied to the purposes of legitimate trading, but by far the greater part was devoted to the shifting necessities of a system which called for almost daily sacrifices. The whole scheme was so rotten, that how it lasted so long as it did is the great wonder; that it was not sooner destroyed was owing solely to its own inevitable entanglements, not to considerations of justice or any regard for public morality. There was, however, a moment in the earlier operations of these men when accident very nearly led to an exposure of the principle on which they were conducted. The fact was elicited at an advanced period of the Guildhall examinations, but it may appropriately be mentioned here.

In the course of the year 1851, Mr. J. R. Edwards, of the firm of Edwards and Matthie, Colonial Brokers in Mincing Lane, received warrants from Gordon representing (among others) a certain quantity of Spelter lying at Hagen's Wharf, but in consequence of some information from Mr. Wilkinson, his clerk, he spoke to Gordon on the subject, at Cole's office in Birchin Lane, in the presence of his own partner, Mr. Matthie. Mr. Edwards told Gordon, before Cole, that he had sent to Hagen's Wharf, and was much surprised that the Spelter warrants deposited as security were of no avail, as there was a stop on the Spelter, by Messrs. Leo Schuster and Co.; he added that Gordon had brought a very improper transaction to him, and that he ought to have known a warrant with a stop on it was a valueless thing. On this Cole stepped forward and said:—"I am aware there is a stop on this Spelter;" an avowal which very naturally excited the anger of Mr. Edwards, when

the sum which he had advanced upon it is considered. The whole amount of his advance on the Spelter was 4,200*l.*, but the warrant with the stop on it only represented a part of that sum. The securities that had been deposited with Messrs. Edwards and Matthie were 350 tons of Spelter, 300 of which lay at Hagen's Wharf, and other portions at wharves they were perfectly acquainted with. The reason, Mr. Edwards said, why he sent down to Hagen's Wharf, was because he had not heard of it before; and so much of the Spelter being there, he deemed it a matter of prudence to make inquiry. Mr. Edwards repeated to both Cole and Gordon, that it was a very improper transaction, and, to use his own words, "began to find that his money might be in jeopardy, never having seen Cole till that occasion, and not having heard very much of him." He then told Gordon he wished him to put the stop of Schuster's straight, and unless the advances were returned to him that afternoon, *he would have Gordon up at the Mansion House*; upon which Gordon, deprecating Mr. Edward's wrath, replied, "Don't be violent!" and added: "if you will rest quiet till this afternoon" (it was then half-past three, too late to do anything) "I will give you my word that the stop of Schuster's shall be removed in the morning, and you shall be satisfied with your security." Mr. Edwards agreed to this, and Gordon made an appointment with him for the following morning: being busy, however, at the hour named, Mr. Edwards sent his clerk Wilkinson, who had been to Hagen's Wharf before, and he returned saying that the Spelter was there, and that the warrants were valid. This satisfied Mr. Edwards, the transaction remained undisturbed, and at the expiration of the time—viz., four months—for which the advance was made, the money was gradually repaid, and the warrant for the goods on Hagen's Wharf returned. The last payment, which took place on the 1st November, 1851,

consisted of a cheque for 420*l.*, drawn by Messrs. Lord and Co., who had recently begun to have dealings with Davidson and Gordon, and who in the course of their business received from Hagen's Wharf, warrants that were fictitious, *the one which had been held by Mr. Edwards being amongst the number.*

From the preceding statement it will be perceived that the system of trading in spurious warrants began as far back, at least, as the summer of 1851, (see also Messrs. Short's letters in Appendix B.); and, thanks to the amiable forbearance of Messrs. Overend, Gurney, and Co, it continued to prosper until the summer of 1854, though it might have been exposed by them full seven months earlier, with what advantage to the merchants of London need not be said.

In his address to the Grand Jury previous to the first trial of Davidson and Gordon at the Central Criminal Court, in August last, the Recorder, the Right Hon. J. Stuart Wortley, observed: "I will not anticipate anything, lest I might be the means of doing injustice, but I will say that I believe it to be unfortunate *that those who had a knowledge of the position of those parties, in an earlier stage of their proceedings, did not take means to stay them.* It may have been from motives of kindness, but I think they were mistaken motives, *and that they were the means of inflicting injury upon other parties.*"

These "motives of kindness," which the Recorder justly—though too mildly—characterised, will presently be inquired into, and the public, we imagine, will be inclined to think, after the inquiry has been made, that the "kindness" of Messrs. Overend, Gurney, and Co., was chiefly displayed towards themselves.

At the examination which took place on May 17th, 1855, before Sir Peter Laurie, the evidence of Mr. David Barclay Chapman (the managing partner of Overend, Gurney, and Co.)

and of his clerk Mr. Bois, was given as follows :

“ David Barclay Chapman said : I am a member of the firm of Overend, Gurney, and Co., of Lombard Street. We call ourselves Money-lenders. I have known Gordon some years. He was originally in the house of Sargent, Gordon, and Co., and subsequently renewed negociations with us in 1848, and continued to do so down to October, 1853. During the years 1852-3 he deposited warrants with us for the purpose of obtaining advances of money upon them. The warrants we hold represent goods to the amount of 80,000*l*. These fictitious warrants were mixed up with other warrants, and so eluded the observation of our managing clerk. They were so artfully made out that it was next to impossible to detect the imposition. The loans fell due from time to time, and were renewed, and fearing no risk we continued transactions with him. All these warrants are, I believe, *what is called* fraudulent, but I cannot speak positively. I have not been able to find the goods they represent ; I only know this, that when our clerk went down to the wharf to enquire about them, he found the warehouse empty. We discovered these warrants were fictitious in October, 1853, and about the same time I saw Gordon at our house in Lombard Street. That interview took place in the presence of Mr. Cole ; Mr. Cole came with Gordon. We had previously made the discovery that the warrants were not genuine. We became dissatisfied in consequence of the loan on the warrants being deferred from time to time, although it appeared to us that our risk was completely covered. *I had sent the broker* to examine the Copper and Spelter*, and when I told him that I should not

* The broker, it must be borne in mind, was sent to Hagen's Wharf “ as early as the spring of 1853 ;” Cole's avowal that they were not genuine was made in October. See *ante* note at p. 76. Bois's affidavit.

be satisfied unless I went to the wharf, he told me that Maltby, who held the wharf, was *under the control of Cole*.† *Upon this*, I went to Cole and asked him if these‡ warrants were all right, and *he said they were not, there was something wrong about them*. I cannot say what took place between us at the interview I have mentioned, because the conversation was general. I asked Gordon what was the extent of the fraud, and how he had disposed of the money? I cannot say what were the exact words that passed at that time. Mr. Ballantine: I must have the precise words from you, Mr. Chapman, the same as I would from the commonest witness in the court. Witness: I cannot remember distinctly, but when Gordon and Cole came to our house I asked Gordon if the warrants represented goods or 'nothing.' I cannot say he admitted the fact in words, but he shook his head, and looked as if to intimate that it was so. He said the distillery at West Ham was all right, and that he was making 1000*l.* per week by it. Sir Peter Laurie: What was the conversation that took place? Witness: *Nothing, sir; we made no arrangement before he left*, nor did I receive any securities. *We received no security from Cole*. Gordon offered me the lease of distillery, but we returned it. The lease was left for our solicitor to look over, but we never received it as security. We received nothing after this. We received a promissory note of Davidson and Gordon, payable to Cole, Brothers, for 120,000*l.* Cole represented himself as perfectly solvent, and that the money we had been robbed of had been lent to the distillery. The deeds of the distillery were given up to the assignees on

† This evidence was of itself quite sufficient to have convicted Cole; Maltby's letters confirm this.

‡ Four months later!

Cole's becoming a bankrupt.* Cole did not deposit anything with us at the time. We had the warrants to a very large amount: 120,000*l.* would cover it. We had no dealings with them after that. The securities which were good were afterwards realised."

"Mr. Wm. Bois said: I am clerk to Overend, Gurney, and Co. The dealings with the prisoners were transacted through me. I have no doubt I received these warrant from Gordon personally. He was the person I was usually in communication with. I made no inquiries about them, because I had no doubt they were good. We had a number of warrants for Hagen's Wharf, and discovered their fraudulency in October, 1853. I was present at the interview between Mr. Chapman, Gordon, and Cole. It is so long since that I don't recollect what occurred. There is nothing in the matter that I desire to keep back. The purport of the interview was to know why the prisoners had acted in that way, by giving in so many fictitious warrants, *and they were also asked what they could give to make up the deficiency.* I cannot say what Gordon said to that. *He represented the distillery at West Ham to be a very valuable property*; and if he was allowed time he could work it out. The real value of the distillery was then discussed, and it was arranged to be made available to Overend, Gurney, and Co., in a general way, *by paying them out of the profits.* Something was said about security, but Gordon did not say that he could give anything that I am aware. Gordon then went away, and I have seen him several times since. On those occasions I have spoken

* The "deeds" (meaning the lease) were only given up to Cole's assignees on Sept. 15, 1854, and not then until after repeated demands from Mr. Murray. (See his note to Mr. Laing, p. 102.) Cole's bankruptcy took place on the 19th of August.

to him about the matter, but I cannot recall what I said to him or he to me. I will swear that I cannot recollect. He came in and behaved as a gentleman, and I treated him as such. Mr. Ballantine: *Do you mean to say that you treated him as a gentleman throughout, though he had passed off fictitious warrants to the extent of 80,000l.?* Witness: *I did, sir.* I knew nothing about the deeds of the distillery. They were taken into the partners' room. The promissory note of Cole had nothing to do with Gordon."

The memory of Mr. Bois, imperfect as in many respects it was, proved more retentive than that of Mr. Chapman; the subordinate remembered what concerned the interests of the house more than the principal! Mr. Bois says: "They were also asked what they could give to make up the deficiency;" Gordon "represented the distillery of West Ham to be a very valuable property;" its real value was discussed; "it was arranged to be made available to Overend, Gurney, and Co.;" and "the deeds were taken into the partners' room." So that, at all events—though according to Mr. Chapman "no conversation took place"—arrangements *were* made for the future reimbursement of Overend, Gurney, and Co. The acceptance also, and the promissory note for 120,000l. from Cole, was another indication of the prospective wisdom, or "kindness," of Messrs. Overend, Gurney and Co.; but there was more of this "kindness" to follow.

Its first results were exhibited at the expense of Mr. Phillip Vaughan, and partner in the firm of Freeman and Co., Copper Merchants, of Bristol.

This gentleman, whose evidence was taken at Guildhall on May 24th, 1854, stated that Davidson and Gordon were agents to his firm, and had incurred a debt to him of 18,559l. by their having misappropriated copper entrusted to them for sale. On

the 18th October, 1853 (five days after Cole's acknowledgment to Messrs. Overend, Gurney, and Co.), Davidson and Gordon wrote to Mr. Vaughan to come to London. He did so, and when he saw them they confessed to the misappropriation. They said they had taken the copper and pretended to have sold it to others, but had in fact kept it for the purposes of the distillery in which they were engaged, having a large capital embarked in it, and making from it as much as 20,000*l.* a year. They said they should very shortly pay Messrs. Freeman and Co. the full amount of their debt, and could do so without any difficulty. As security for the payment, they gave Mr. Vaughan Westminster bonds for 7,000*l.* (which were not worth a farthing) and notes of hand for the remainder, payable in seven or eight months. In addition to this, they placed in Mr. Vaughan's hands promissory notes, accepted by Webb, for 3,500*l.* (as worthless as the Westminster bonds), which bills they stated they had received in part of a compromise made between Webb and his creditors. They also left warrants, in Swedish steel, with Mr. Vaughan, and in a subsequent transaction deposited others. *These warrants turned out to be entirely fictitious* : their supposed value was 1,700*l.* or 1,800*l.*, and the *goods were alleged to be lying at Maltby's Wharf*. None of the bills given were properly paid at maturity, but sums were paid on account. The next transaction with Mr. Vaughan occurred on the 16th February, 1854 (*four months after Cole's avowal to Messrs. Overend Gurney and Co.*) Gordon then represented that Davidson was in Spain, and had made large purchases of Spanish barley for the distillery, that the bills of exchange were attached to the bills of lading, and must be paid before he could get the Barley, and for this purpose he wanted 1,900*l.* He said the distillery was "going on famously," and for the advance which he required he would give a *Spelter warrant of greater value*, and the bills of

lading besides. (Interjectionally Mr. Vaughan stated that *he never saw the Spelter, though he made inquiry for it.*) In consequence of the loan which was made, Gordon (for his firm) gave bills to to the amount of 2,500*l.* (the additional 600*l.* to go towards payment of the original debt.) The first of these became due in April, and not being paid, Mr. Vaughan *became alarmed for the first time*, and wrote to the solicitor of his firm in London, to go to Maltby's Wharf, to demand that the Spelter should be put in their name, and at the same time send the money to pay the freight, but *they never could get any account of it*, and in consequence Messrs. Freeman and Vaughan brought an action against Maltby. They obtained a verdict for 2,300*l.*, but before the execution could take place, Maltby had absconded, and so had Davidson and Gordon. After the action, Freeman and Co. inquired into the rest of the warrants, but could get no history of them.

The sequel to these transactions must not be omitted. The *moment Freeman and Co. had any suspicion, they brought the case before a Court of Justice*, as Messrs. Laing and Campbell did when they also became aware of the nature of Cole's transactions.

Had Messrs. Overend, Gurney and Co. done the same, Mr. Vaughan would not have been victimised thrice over by Davidson and Gordon; neither would Messrs. Barnett, Hoare and Co.—whose case we select as about the latest—have suffered the losses which they experienced.

During the same day's proceedings—May 24th, 1855—Mr. Joseph Hoare deposed, that Davidson and Gordon owed his house, at that date, from 2,000*l.* to 3,000*l.*, as security for which they held five warrants, all of them, of course, fictitious. It was the old story over again. A clerk had been sent to see the goods at Maltby's Wharf, and had returned "satisfied" with

what had been shown him. Cole's connection in these transactions was made apparent by an acceptance of his for 1,000*l.*, in favour of Davidson and Gordon, which Messrs Barnett, Hoare, and Co. discounted on the security of spelter warrants, as late as the 14th June, 1854, three days before the prisoners absconded.

These consequences of Messrs Overend, Gurney, and Co.'s "kindness" having been mentioned, the manner in which it was expressed may be still further detailed. Mr. Thomas Webb shall be the spokesman. In the evidence which he gave at Guildhall on May 24th and afterwards repeated in the Central Criminal Court on August 3rd, he began by stating his connection with Davidson and Gordon in relation to the West Ham Distillery, of which he was originally the proprietor. He had put up, he said, a small plant, and was buying goods in the market in Mincing Lane, by which means he became acquainted with Davidson and Gordon. After some transactions with them had taken place, an understanding was come to with Gordon that his partner and himself should advance money to carry on the distillery, that they should receive all payments (in his favour,) sell all spirits, and make all payments. Accordingly in July, 1851, he executed two mortgages on the distillery. About July or August, 1853, Webb received a notice through Mr. Kearsey, the solicitor of Davidson and Gordon, to pay his clients the sum of 184,000*l.*, and upon this notice they took possession. Webb did not, he admitted, owe them that amount, nor could he say how much it was; a large sum had gone to West Ham, but certainly nothing like that. It was at this time that Davidson one day told Webb of the debt to Freeman and Co., stated the nature of the transaction, and wanted Webb to break it to Mr. Vaughan, but this conversation was interrupted by Gordon's entrance. It must,

however, have been afterwards resumed, for Webb, in his examination, went on to say that on the 12th October, 1853, a release was given him of the sum of 184,793*l* 12*s* 8*d*, which Davidson and Gordon had charged him with, and he supplied them with the three bills of exchange for 3500*l* which were deposited a week later with Mr. Vaughan. About this time Webb frequently saw Davidson and Gordon, and on one of these occasions Gordon related the particulars of his interview with Mr. Chapman, when Cole and Mr. Bois were present. It was given by Webb in the following words :

“One morning, somewhere about the 23rd October, 1853,* I was at Davidson and Gordon’s, and Davidson said to him, ‘Gurneys are selling me up.’ I asked him what the meaning of it was? He showed me a letter where they had sold as much as 30,000*l* worth of Spelter. I forget the price of that; it was a high price. I said, ‘This is a good sale, if it was bought for 13*l* 10*s*. and sold for 20*l*; it seems to me a good thing.’ He laughed at this. Gordon came in and appeared very much alarmed; he looked at the letter and went away immediately. I saw Gordon the next morning. He came in very dispirited, and said, ‘Well, I have told Overend and Gurney everything.’ I said, ‘What is “everything?”’ or words to that effect. He replied: ‘The warrants we have deposited with Overend and Gurney; we can’t deliver the Spelter.’ I asked why, and he told me because the party that the Spelter belonged to (of whom it was bought) was not paid, and he stopped the delivery. He said he had been with Mr. Chapman and Cole until twelve o’clock the night before, and that *he had been obliged to acknowledge that he owed Cole 120,000*l*. I asked him if he*

* This is an error as to the date, but it does not affect the truth of Webb’s statement.

did, and he said 'No.' I asked him what Mr. Chapman said, and he replied that, after it was all over, Mr. Chapman turned round and said he was a man always held up as an example in the City, as being a first-rate man of business and a man of great perseverance, and he looked upon him as a pattern in the world of business, and he turned round and said, 'I am sorry to find, Gordon, that you are a thief.' When I asked him further, he stated that Mr. Chapman said '*Now understand that what has taken place here to night must not go beyond these walls.*' Mr. Gordon was very much cut up, and sat there some time without saying a syllable; he then put on his hat and walked out."

To Webb's statement of what Mr. Chapman had said to Gordon, Mr. Chapman gave evidence which, though meant for a refutation, admitted the general truth of the relation. After alluding to some observations of Mr. Ballantine, in his opening address that day, respecting himself, Mr Chapman said :

"It appears by Mr. Webb's own admission that this was on the 23rd of October. Most providentially, so to speak, I kept the letter on which those sales proceeded, dated on the 10th of October. *Therefore, instead of its being on the 23rd, it was on the 10th of October.* Then I believed Mr. Gordon to be a perfectly honest man. He is a man extremely well connected by marriage and by birth. I have told you, Sir Peter, that the meeting took place between me and Mr. Cole and Mr. Gordon, on the 13th of October, after the hours of business. I think it was five o'clock, and having discovered at three o'clock on the afternoon of that day the condition of these warrants, I asked Cole whether all the warrants we had now of the same character deposited by Davidson and Gordon were in the same condition. I found they were. He added that he had himself lent the warrants to Davidson and Gordon; that he found that he could

not get the warrants back again; and that he had withdrawn the metal. I say that, when Gordon came to my house after the hours of business, it was an interview between Cole and Gordon. *When we approached the subject, I have no doubt whatever that those words which were quoted were used by me: 'I believed you to be an upright man, I now only look on you as a thief.' I daresay that might take place, though I do not remember it.* My first wish was to ascertain the proportion of metal warrants which we held as being of that description, having no goods answering to them. The next was to discover what had become of so large a sum of money. Mr. Cole said they were all of that description, except some small quantity of Steel. Mr. Clarkson: I cannot hear this. Mr. Chapman: I shall not be long. Sir Peter Laurie: Mr. Cole is not here. Mr. Chapman: I am sure you will excuse me, sir. This was the arrangement. I then approached the subject of what became of the money: that is the important thing. Sir Peter Laurie: That is what we all want to know. Mr. Chapman: *I can only say if I had not I should have felt myself very unworthy of the position I hold.* I was informed immediately by Mr. Gordon stating to me that the money had gone into the distillery, and representing to me the value of the distillery property; that it was making, or capable of making, a profit at the rate 850*l* a-week. This paper I have not the slightest objection to produce; it was taken down on the spot from his lips. . . . There is one point about myself — something about 'not going beyond these walls.' There seems to be something mysterious about it. *It did not take place."*

The reader will notice some curious variations in the above evidence from that which Mr. Chapman had given only a week before. On that occasion he said that no conversation took place with Gordon, and that no arrangements were made with

him; yet, in this second statement, Mr. Chapman says, "this was the arrangement," and enters into matters detailed by Gordon, which were "taken down on the spot from his lips!"

But we must prepare for a little more variety before Mr. Chapman has quite done. Indeed, he appears to have been sensible that he occasionally deposed somewhat hastily, for previously to giving the evidence last quoted, he expressed himself desirous of correcting an expression attributed to him in his first deposition, to the effect that he had no dealings with Davidson and Gordon after the exposure on the 13th October, 1853. "I believe," said Mr. Chapman, "I did say so; but I found when I got home that we had some transactions connected with winding up of matters, and I immediately wrote to Mr. Linklater to explain that." This subject was referred to at the examination of May 31, by Mr. Edwin James, Q.C., who watched the proceedings on the part of Messrs. Overend, Gurney, and Co., and who repeated, on the part of his client, Mr. Chapman, that "the transactions which appeared in the bill book *had nothing whatever to do with any warrants*. These advances were upon bills which had reference to prior advances." Respecting these discounts something further will have to be said. At present Mr. Chapman's different versions of the memorable interview of the 13th October, 1853, must be recorded.

At the first trial of Davidson and Gordon, in the Central Criminal Court, August 23rd, 1855, Mr. Chapman's memory seemed less at his command than ever.* After stating the losses of his house in the transactions with the prisoners, Mr. Ballantine, who conducted the prosecution, asked him:—

Q. When Gordon came to you, what did you say? A. It is difficult to say.

* This examination is taken from a short-hand report of the trial.

We had a considerable conversation in the presence of Mr. Bois, our confidential clerk. Q. Did you mention to Gordon what you had heard about the warrants? A. I did. Q. What did you tell him? A. I really cannot say: you see it is so long ago; and, in reality, *I said little or nothing*. Q. Why, just now you said you had "a considerable conversation;" you must have said *something* of what you heard from Cole? A. I really cannot remember the words, but the substance of the conversation was to enquire to what extent we were losers—to ascertain to what depth we were involved in these transactions. . . . Q. Now tell us what it was you said? A. *The state of mind in which I was at the time led me to say little or nothing*. Mr. Ballantine: Then you could more easily remember it. Mr. Justice Erle: Certain things must have been said upon an occasion like this. Cole said his warrants were good for nothing, and he also said that Gordon's were as bad; and it stands to reason that you must have said to Gordon "Is that so?" Mr. Chapman: I have no doubt my lord, I said so, and that it was admitted by Cole and Gordon that all the warrants were in the same state. . . . Mr. Justice Erle: I wish I could get Mr. Chapman to remember what exactly passed between him and Gordon. . . . Mr. Ballantine: What did you say to Gordon? Did you say he was a thief? A. *I do not believe I ever said Gordon was a thief.* How could I say that when Cole had taken the entire thing upon his own shoulders?* I proceeded to inquire what had become of the property, and then I got the history of the distillery, which I took down upon the spot. Q. What did Gordon say upon the subject of the warrants? A. I know nothing about that; *it was no interest to us, one way or the other*. I am not aware that Gordon said anything at all about it. Q. Then not being aware, probably you wanted to find out? A. No, we did not indeed, it was quite enough for us to know the calamity that had happened to us; *we had quite enough to know at such a moment as that to hear that such a thing had overtaken us, without indulging in any personal animosity*. I take it for granted that Gordon came there in consequence of my conversation with Cole, though I cannot positively say that—I sent for him, as anybody else would, to know how he stood in relation to his affairs with us and to these warrants—I sent for him to know how he stood in relation to these warrants, that he might know from Cole what Cole had stated to me. Q. Having sent for him to ascertain how he stood in relation to these warrants, what did you say to him about these warrants? A. I proceeded immediately, as I said before, to know the depth of our involvement in these

* Yet at the examination before Sir P. Laurie, at Guildhall, three months before, Mr. Chapman swore, "*I have no doubt whatever that those words which were quoted were used by me. 'I believed you to be an upright man; I now only look upon you as a thief.'*"

warrants, and then to know what had become of the property. I did know the depth of our involvement too soon, from Cole, who certainly was present, and told us that, as to the whole of the warrants which we held at Hagen's Wharf, the goods were not there to represent them—those were warrants to the amount of 80,000*l*, some of which Gordon had deposited with us. Q. Did not you ask Gordon any questions about that? A. I do not believe we did, simply because Cole had admitted that he had lent them to Gordon. Q. Did Gordon admit or deny, or what did he say about the genuineness of the warrants? A. *I do not remember a single word having passed from Gordon on the subject.*

A final extract will suffice to show that Gordon was either singularly tongue-tied, or Mr. Chapman strangely incurious under all the circumstances. When the third trial of Davidson and Gordon took place in the Central Criminal Court, on December 21st and 22nd, 1855, Mr. Chapman, after repeating his evidence respecting Cole's acknowledgement of the spuriousness of the warrants, was again asked what he said to Gordon on the subject. He replied as follows:

A. As near as I can remember, when Gordon and Cole came into the room, we approached the subject as an admitted fact, that these Hagen Wharf warrants were without value—it has been said that I indulged in some personality—I do not remember it, but, nevertheless, we proceeded then to examine what proportion of these different securities were of this character—that is to say, we had these securities as well from Cole as from Gordon. We proceeded to examine what proportion of the securities were of the character I have described, because we had various other perfectly good securities. Q. Was the result what you have stated, that there were fifty-three of those warrants that had been deposited by Gordon, that turned out to be of this character? A. I believe they were, but I know nothing about the detail of it. *I ascertained that fact in company with Gordon, certainly; it was an admitted thing in our conversation.*

"*I do not remember,*" said Mr. Chapman, on the 23rd of August, "*a single word having passed from Gordon on the subject.*" On the 23rd of December, however, the valueless character of the warrants was "*an admitted thing in our conversation,*"—a conversation which on three several occasions Mr. Chapman declared had never taken place! It is impossible to rate too highly the advantages of a good memory. That of

Mr. Chapman appears, like the policy of his house, to have been "passive." He wound up his evidence as follows:

Q. Upon the statement with reference to the distillery business, were you satisfied not then to press for the payment of the debt? A. We took no steps whatever—we remained perfectly passive—the fact is, that our involvement in this affair was so great that we had to consider the subject in all its bearings, and we determined to remain perfectly passive, without coming to any understanding of any sort, kind, or description, with either Cole or Gordon—we did remain perfectly passive until the bankruptcy.

"Perfectly passive!" Yes. As far as related to the interests of the public. But how far passive in relation to their own. That remains to be shown.

CHAPTER VIII.

*Affairs of the West Ham Distillery.—Embarrassments of Davidson and Gordon.
—Their Debt to Messrs. Nicholson and Sons.—Negotiations for a Further
Advance.—The Mortgages on the Distillery.—The Deeds sent to Messrs.
Nicholson, who decline to lend any more money.—Retention of the Deeds by
Davidson and Gordon.—Assignment of the Leases to Cole.—He sends
them to Messrs. Overend, Gurney, and Co.—They keep the Leases Eleven
Months in their Possession.—Mr. Gurney's Objections to the Manufacture
of Spirits.—A Struggle between Feeling and Interest.—Proposed
Arrangement for the Sale of the Distillery.—Surrender of the Leases by
Messrs. Overend, Gurney, and Co.—Draft of Agreement.—Discount Trans-
actions between Messrs. Overend, Gurney, and Co., and Davidson and Gordon,
after the 13th October, 1853.—Subsequent Profits arising to Messrs.
Overend, Gurney, and Co.*

THE next feature in the transactions between Messrs. Overend, Gurney, and Co., and Davidson and Gordon—in conjunction with Cole—is the distillery at West Ham, the history of the affairs of which results partly from the evidence given at Guild-hall, and partly from equally authentic sources.

The embarrassments of Davidson and Gordon in the management of the distillery arose full a twelvemonth before their sudden

flight; for it appears that about the middle of 1853 they were indebted to Messrs. Nicholson and Sons to the extent of 19,174*l.*, for money lent and the interest due upon it. Instead, however, of clearing off their debt, Davidson and Gordon were so circumstanced as to make them desirous of increasing it, and in the month of August they entered into negotiations with Messrs. Nicholson for a further loan of 20,000*l.*, offering as security certain mortgage deeds which they had received from Webb under the following circumstances:

On the 14th September, 1849, there was due by Webb to Davidson and Gordon 12,294*l.* 16*s.* 2*d.*, to secure a portion of of which—viz., to the extent of 5,000*l.*—Webb executed a mortgage of the distillery plant and stock in trade, and the agreement for a lease of the premises for seven years, from 24th June, 1849, at the rent of 200*l.* a year. On the 27th May, 1850, he obtained a lease of additional premises, constituting the malting. On the 24th May, 1851, he obtained a lease of the distillery for a longer term than the seven years agreed to be granted. On the 1st July, 1851, two fresh mortgages were executed by Webb to Davidson and Gordon, which in effect neutralised that of the 14th September, 1849; one of such mortgages was of the above two leases, and the other was of the moveable articles and stock in trade, and to secure whatever balance might accrue due to Davidson and Gordon. The sum stated to be then due to Davidson and Gordon was 42,226*l.* 4*s.* 6*d.* On the 29th June, 1853, Davidson and Gordon instructed Mr. Kearsey, their solicitor, to prepare a notice to Webb. On the 1st July Davidson brought some of the deeds connected with the mortgage to Mr. Kearsey, and in the afternoon of the same day left an order on Mr. Kearsey's desk, on Messrs. Nicholson, for the other deeds, and which last-mentioned deeds were delivered on the same day, by Messrs. Nicholson, to

Mr. Kearsey's clerk. The deeds continued with Mr. Kearsey until the 29th July.

On that day Davidson and Gordon sent for Mr. Kearsey, at their counting-house, to bring with him the securities. Mr. Kearsey attended as desired, and left with Gordon the two deeds of mortgage (not the leases), in order to the mortgages being examined by Messrs. Nicholson's solicitor, and Mr. Kearsey was requested to attend at Messrs. Nicholson's counting-house on the following morning. On the 30th July Mr. Kearsey attended at Messrs. Nicholson's counting-house, and there met Mr. Nicholson, sen., and two of his sons, Gordon, Webb, and Messrs. Nicholson's solicitor, who at the time Mr. Kearsey arrived had the two mortgage-deeds in his hands, which he was perusing. Mr. Kearsey laid on the table the leases and other documents which he had brought with him. A considerable discussion took place, with a view to Messrs. Nicholson advancing the 20,000*l.* required to carry on the distillery, on the security of these mortgage-deeds; it resulted, however, in Messrs. Nicholson declining to make the advance, and the mortgage-deeds, leases, and documents were returned to Mr. Kearsey. On the 1st August notices were served on Webb by Mr. Kearsey, on behalf of Davidson and Gordon, demanding payment of 184,793*l.* 12*s.* 8*d.*, as due to them, and such notice was given in order to act on the powers of the mortgage-deeds.

Davidson and Gordon had the two mortgage-deeds left with them, to produce on the premises at West Ham, in case any person claiming through Webb should endeavour to get possession of the premises or property; and copies of such deeds were retained on the premises at West Ham by the person who was put in possession there by Davidson and Gordon. On the 4th August Mr. Kearsey received instructions from Davidson and Gordon, and Cole, to prepare a conveyance of the property at

West Ham from the former to the latter, for the consideration which would be stated and particularised to Mr. Kearsey on the execution of the conveyance. The conveyance was executed on the evening of the 17th August, Cole, and Davidson and Gordon, having sent for the engrossments after Mr. Kearsey had left for the day. The consideration-money stated and agreed between the parties was 150,000*l.*—that is to say, 1,000*l.* for the premises and 149,000*l.* for the stock in trade, &c.; this arrangement being so made to avoid the enormous stamps payable on 150,000*l.* On the 20th September Mr. Kearsey, at Cole's request, sent to him the two leases of the distillery—the conveyance thereof to Cole for the 1,000*l.*, and the agreement for sale to him of the stock in trade, &c., for 149,000*l.* At the same time Mr. Kearsey wrote to Cole—"I have not got the two deeds of security given by Mr. Webb to Messrs. Davidson and Gordon. They are important for you to possess." As already stated, Davidson and Gordon had had away from Mr. Kearsey the two mortgage-deeds, but what they had done with them between the 3rd August and the 30th September, 1853, Mr. Kearsey never knew. It appears that, in addition to the two leases which were included in the mortgages, Webb had obtained a lease of a piece of ground connected with the distillery, which lease was dated prior to the mortgages—viz., 23rd March, 1850; and he subsequently obtained another lease of a further portion of land connected with the distillery, which was dated 24th June, 1852. These two leases were assigned to Davidson and Gordon, by Webb, for 100*l.*, on the 17th March, 1854.

But the leases which Cole had thus obtained from Davidson and Gordon did not long remain in his possession. He received them on the 20th September. The *eclaircissement* at Messrs. Overend, Gurney, & Co.'s counting-house took place on the 13th October, and "on the following day," says Mr. Chapman, in his

evidence, "Cole sent the lease, or some paper of that sort, for our perusal, to satisfy us of the fact that the money he had abstracted from us he had lent to Gordon, for the purposes of the distillery." Mr. Chapman added, that the lease *was not deposited as a security, only for their perusal*—"it was not delivered to us." But whether formally assigned or not, Messrs Overend, Gurney, and Co. took care to keep the deeds as closely as if they really looked upon them in the light of a security, and that a very valuable one.

No sooner was the lease in their possession than Mr. Vallings, their solicitor, was requested to examine it, and this "perusal" the retention being of course for no other purpose—lasted exactly *eleven months*!

In the evidence which Mr. Vallings gave at Guildhall, on the 24th May, 1855, he said:—"I received the deeds of the West Ham Distillery from Messrs Overend, Gurney, and Co., in October 1853. They consisted"—he does not speak so slightly of them as Mr. Chapman had done—"of an assignment from Davidson and Gordon to Cole, an agreement for sale and purchase, and other matters. I held them until the bankruptcy of Cole, when they were delivered to the assignees of the estate."* Mr. Vallings here made an admission, rather damaging to the statement of Mr. Chapman, that Messrs Overend, Gurney, and Co. only received the lease to satisfy themselves about Cole's affairs, though he fenced very adroitly with the questions that were put to him by Mr. Ballantine. The examination was thus:

"Q. It turned out they had no title whatever? A. I cannot say that; but I advised that there was *no proper security*. There was nothing done with them.—

* The lease was not sent back until Sept. 15, 1854, and then only after repeated application for it on the part of the assignees. Cole's bankruptcy was on the 19th August.

Q. They were entrusted to you to see whether there was a proper security? A. To see what they were.—Q. You did not think they were very valuable, or valuable, or valuable at all? A. I do not say that I *advised that a proper security could not be made.*—Q. *By those leases?* A. *Yes.*"

Mr. Vallings then went on to say that there was, he thought in July (1854) an arrangement attempted to be made of a sale of the property, in which he advised that all parties should join in a sale. "It was thought advisable, if possible, to get a sale of all the property; to get time for the payment to Government of the duties, and, after paying the Government, then to put the money into the hands of certain gentlemen on behalf of those who were entitled to it. It was very difficult to say what was the condition of the parties." Sir P. Laurie observed that the purport of the matter was, that the clients of Mr. Vallings were not protected, to which he replied in the affirmative. Mr. Chapman here interposed: "It is," he said, "a mere question of feeling, but Mr. Gurney said, *if it involved him in making spirits, he would have nothing to do with it.* He said he knew what the loss of the money was; but he would have nothing to do with the making of spirits."

"Mr. Ballantine: *Is that the reason why the leases were not taken?* Mr. Chapman: *Most distinctly so.* Not only so, but I will say this—the deeds were never offered to us as collateral security* They were sent to us to understand the relation between Davidson, Gordon, and Cole; to explain what became of the money which these people abstracted from us; and we gave Cole a memorandum to this effect—that we would give him back these leases, which I have not the slightest doubt will be found amongst Cole's papers if they are here. Mr. Vallings: The nature of the matter was explained to Mr. Gurney, and Mr. Gurney said distinctly, 'I will not take possession and carry on the business.' Mr. Chapman: I think Mr. Kearsey called upon me, and asked me about those leases something which I did not understand. I said, 'We are not in a condition to have anything to do with the lease. *We will sweep this thing off our books, and not*

* Why then did Mr. Vallings give so special an opinion?

trouble ourselves about it at all. Mr. Kearsey: That was after the bankruptcy. Mr. Chapman: It was long before, I think; but it comes to the same thing. We never would mix ourselves up with it."

Nothing, of course, could be more praiseworthy than this resolve. It was "a question of feeling," as Mr. Chapman said, and it might be imagined, therefore, that "a question of feeling" it would continue to the end of the chapter. How long the rigid virtue of Mr. Gurney held out will be seen in the following statement which has been made by Mr. George, the managing clerk to Messrs Linklater, the solicitors to the estate of Davidson and Gordon.

He stated that he saw Mr. Chapman and Mr. E. Gurney at their counting-house soon after the bankruptcy, and asked Messrs Overend, Gurney, and Co. to concur in a sale of the distillery. Mr. Chapman declined, and stated that the deeds and papers relating to their transactions with Davidson and Gordon had all been looked up and the account was closed; that they did not intend to allow the papers to be referred to, as Mr. Samuel Gurney had a great dislike to anything that had to do anything with the making of gin, to the use of which he had an insuperable objection, and would not allow his name to be mixed up in any manner with the manufacture of spirits; that they had closed the account, and did not intend to refer to it; although they had made a loss of 100,000%. they could still afford to smile, which few other men could do after losing so much. Messrs Nicholson and Co., the rectifiers, as we have already stated, had originally held the distillery deeds, but they had been improperly obtained by Gordon out of their hands. Their solicitor contended that Messrs Overend and Co. had no right to hold those deeds. Mr. Chapman disputed this. At a subsequent interview a long conversation took place between Mr. Chapman and Mr. George; the latter urged that 100,000%.

might be got for the distillery, as a gentleman of well known responsibility was making enquiry as to purchase, and Mr. George told Mr. Chapman that it would not be fair to other parties nor right to themselves to prevent the sale from being effected. Mr. Chapman said, "Well, you have stepped in between our feelings and our interest, and provided our names are not used or referred to, and you think a large sum can be got for the distillery, we will instruct our solicitor to produce the deeds for inspection." Some discussion then took place as to the course that should be pursued with Messrs Nicholson and Co.'s claim, and Mr. Chapman wrote a note to his solicitors, and they produced the documents and furnished copies of the distillery leases at the expense of the assignees. Subsequently a conference was held at Messrs Overend and Co.'s counting-house, and in their little parlour Mr. Young (Messrs Overend and Co.'s solicitor,) Mr. Chapman, and Mr. George had a long conference, at which Mr. Young received instructions to carry out the proposed arrangement for sale of the West Ham Distillery, and a draft agreement was prepared which was submitted to Overend and Co.'s solicitors, who added the names, &c., of the house and approved the agreement which is presently set out. In the mean time Messrs Nicholson and Co.'s solicitors began to stir in the matter; the solicitor for the assignees of Cole made claim to the deeds; and at length Mr. Young intimated that Messrs Overend and Co. abandoned all claim to the deeds, which were afterwards handed to Mr. Murray on behalf of Cole's assignees, having remained in Overend and Co.'s hands from the month of October, 1853, to the 15th September, 1854.

Here is Mr. Murray's letter announcing the relinquishment of the deeds:

"London Street, Sept. 15th, 1854.

DEAR SIR,

"I think it right to acquaint you, in an interview I

have had this morning with the solicitor of Messrs. Overend, Gurney, and Co., he delivered up to me, for the benefit of the estate, the deeds in their possession belonging to the West Ham Distillery.

“I remain, &c.

“WILLIAM MURRAY.

“The Assignees of J. W. Cole, a Bankrupt.”

The following is the “Agreement” referred to :

The Agreement was intended to be made between the bankrupt Cole, Messrs. Nicholson, Beddoe, and Hess, the official and creditors’ assignees of the estate of the bankrupts Davidson and Gordon, Messrs. Nicholson and Co., the rectifiers, and Messrs. Overend, and Co., who are described by their solicitor as Samuel Gurney, David Barclay Chapman, Samuel Gurney the younger, Henry Edward Gurney, and David Ward Chapman, all of Lombard Street, in the City of London, money-dealers, and partners, carrying on business under the firm of Overend, Gurney, and Co. The Agreement then recites that the bankrupts Davidson and Gordon had for some time before, and at the time of their bankruptcy, carried on business, in copartnership as distillers, at West Ham Lane, upon certain premises which were held or occupied under different landlords by virtue of various leases or agreements, and it was alleged that the legal estate in part of the premises for several terms of years was then vested in the said assignees as part of the estate and effects of the said bankrupts, and it was alleged that the legal estate in other parts of the said premises for such terms of years was vested in Cole, and that at the time of the bankruptcy there were upon, or fixed to the premises, several steam-engines, machinery, utensils, &c., and also certain spirituous liquors, malt, live and dead stock, and that the assignees of Davidson and Gordon claimed to be entitled to the equitable interest in the several terms of years in the premises as part of the estate of the bankrupts Davidson and Gordon, subject to any charges thereon which might be established against them ; and they claimed to be entitled to the fixtures, trade, buildings, steam-engines, machinery, utensils, liquors and stock, as part of Davidson and Gordon’s estate, and to sell and dispose of the fixtures and utensils for the benefit of their creditors, by reason of the same having been in the possession of the bankrupts at the time of their bankruptcy. The agreement, so far as Messrs. Overend and Co. are concerned, recited as follows : “Whereas the said other parties hereto claim to have certain rights and equities to and against the whole all divers parts of the property aforesaid, and the landlord alleged that by reason of a proviso for re-entry contained in the lease demising the said part of the said premises, and under which the same had been lately occu-

pied, and of certain matters alleged to have occurred, he was entitled to re-enter upon the said premises and determine the said term; that the plant, steam-engines, apparatus, machinery, &c., had been seized by virtue of a warrant issued on behalf of the Commissioners of her Majesty's Inland Revenue, in respect of duties due from the bankrupts, and a sale by order of the said Commissioners had been advertised; and that it was desirable that the property, whether included in the said seizure or not, should be sold with the concurrence of all the parties hereto, and without prejudice to any question between them as to the right to the proceeds of such sale, and, for that purpose, that the assignees should be allowed to make arrangements with the Commissioners and the other parties, that the assignees should be at liberty to make such arrangements with the Commissioners and other parties, and on such terms as might be practicable, and for the interests of all parties, for selling, by the authority of the Commissioners, the said property hereinbefore referred to, and also such arrangements as might be practicable and advisable with the lessors for waiving the forfeiture of the said premises, or from procuring from them a new lease, or leases, of the premises, for more effectually carrying out the sale of the property, and all parties were to concur in such arrangements and in the sale of the property, and in doing all acts necessary for vesting the legal and other estate and interest in the property in the purchaser, freed from all claims; the proceeds of the sale should be applied in paying the claims of the Commissioners for duties, and the costs of maintaining the property and preparing for sale, and occasioned by that agreement and sale, and subject thereto, the residue of the said proceeds should be deposited in the Bank of England, to an account to be opened there in the joint names of Isaac Nicholson, the official assignee, and of _____, nominated for that purpose by and on behalf of the said Samuel Gurney, D. B. Chapman, Samuel Gurney the younger, Henry Edward Young, and David Ward Chapman, and Cole, to be by them held and retained until the rights and claims of all the parties thereto should be ascertained and settled, and when the same should be so settled and ascertained, the amount of the residue of the said proceeds of sale, together with interest thereon, should be paid." And the Agreement then proceeds as follows: "And it is hereby agreed and declared that nothing herein contained, nor for concurrence in any such sale or other arrangement shall in any way prejudice, vary, or alter any claim or right of the parties thereto, or any of them; but the said parties hereto shall still have the same rights and remedies to, upon, or against the residue of the said proceeds as they would have had but for the said sale, or the arrangements hereby made or provided for, against the property, or any part thereof respectively."

The discount transactions between Messrs. Overend, Gurney, and Co., and Davidson and Gordon, after the events of the 13th

October, 1853, remain now to be adverted to. It will be remembered (*ante p. 91*), that Mr. Chapman said, on the 24th May, 1855, *in explanation of a former statement*, the discounts which appeared on the bill-book were "connected with the winding-up of matters."

When Mr. C. Walker, the clerk and book-keeper to Davidson and Gordon, was examined by Mr. Ballantine on the 31st of May, 1855, he stated that the discounts made by Messrs Overend, Gurney, and Co., *after October, 1853*, and which were paid into Barnett, Hoare, and Co., the bankers of Davidson and Gordon, appeared in their bill-book as follows :

	£	s.	d.
20th Nov., 1853	503	0	0
3rd Dec. „	260	0	0
12th „ „ (endorsed by Cole)	376	15	9
13th „ „	1,080	14	9
20th Jan., 1854	1,438	15	6
3rd Feb. „	365	14	6
<i>Ib.</i>	579	11	9
10th „ „	300	0	0
27th March	1,000	0	0
<i>Ib.</i>	383	17	6
3rd April „	1,450	0	0
	<hr/>		
	£7,458	9	9
	<hr/>		

The final statement of the debtor and creditor account of Davidson and Gordon with Messrs. Overend, Gurney, and Co., at the date when the Bankrupts absconded, appears as under :

Dr.

	£	s.	d.
1853.			
October. Balance of Loan	109,790	0	0

Cr.

Cash, received by Overend, Gurney, and Co., after October, 1853.

		£	s.	d.
For Spelter sold	...	4,769	7	6
„ Copper „	...	12,775	6	5
„ Coffee	...	450	1	7
Cash as under.				

1853.

December 7.	Of Hoffman	...	£260	0	0
„ 14.	„ Davidson and Gordon	...	550	0	0

1854.

January 3.	„ Ditto	...	500	0	0
March 27.	„ Ditto	...	130	0	0
April 4.	„ Ditto	...	100	0	0
June 9.	„ Ditto	...	1,566	7	7*
				3,106	7 7

 £21,101 3 1

/e It will be observed, by the date of the last cash entry, that the sum of 1,566*l.* 7*s.* 7*d.* was realised by Messrs. Overend, Gurney, and Co. on the 19th June, 1854, *the very day on which the flight of Davidson and Gordon became publicly known.* The reason why this amount was not realised sooner rests with Messrs. Overend, Gurney, and Co. to explain. That they might have done so at any time between October, 1853, and the period when it was no longer possible to conceal the state of Davidson and Gordon's affairs, appears from a correspondence which took place between the parties, dated October, 17th, 1853, four days after Overend, Gurney, and Co. were aware of the fraud.† On that day Davidson and Gordon wrote to Messrs. Overend, Gurney, and Co., to say that in compliance with the request of the latter they handed an order upon a London house for the payment of

* See page 106, 107

† Copies of letters at page 155.

any surplus that might arise from their shipments of Copper through that firm. The "order" which accompanied the letter requested that the surplus might be handed over to Messrs. Overend, Gurney, and Co., after the house had repaid itself the original advance. This surplus appears, as above, to have been 1,566*l.* 7*s.* 7*d.* When one looks at the dates on which the discounts were made by Messrs. Overend, Gurney, and Co., and compares them with those on which they were credited with cash from Davidson and Gordon, it becomes difficult to imagine that the transactions consisted merely in "the winding-up of matters." To a simple observer they have very much the air of transactions renewed with the especial object of diminishing the debt of Davidson and Gordon, by every available means in the power of the latter, while their credit still continued unimpaired.

CHAPTER IX.

Continuation of the Examination at Guildhall.—Mr. Ballantine asks for a Committal on Three Distinct Charges.—The Depositions Read.—Opinion of the City Solicitor.—Sir P. Laurie resolves to send all the Evidence with the Depositions.—Defence of Messrs. Overend, Gurney, and Co., by Mr. Edwin James.—Opinions of the Press on their Conduct.—Mr. Ballantine's Unanswerable Reply to Mr. James.—The City Solicitor directed to Prosecute.—Cole included in the Indictment against Davidson and Gordon.—Close of the Examinations.—The Three Prisoners Committed for Trial.—Proceedings in the Central Criminal Court.—Gordon found Guilty, but Judgment Deferred.—Conviction Quashed on Technical Grounds.—Second Trial of Davidson and Gordon.—Second Acquittal on a Point of Law.—Third Trial.—Conviction.—Sentence of Two Years' Penal Labour.—The City Prosecution.—Declaration of the City Solicitor.—He Announces, in July, that his Case is complete.—He Discovers, in December, that it is beset with Difficulties.—Correspondence between Mr. Laing and the City Solicitor, who continues inactive.—Mr. Laing's motive for Publishing his Narrative.—Necessity for a Public Prosecutor.

ON the 19th June, 1855, after the examination of Mr. Edwards respecting the stop on the Spelter warrant in 1851, Mr. Ballantine requested Sir Peter Laurie to commit Davidson and Gordon on three distinct charges arising out of their bankruptcy. In doing so he made the following observations :—

“ You are aware this is a prosecution directed by the assignees, in which I am instructed by them, under an order in the Court of

Bankruptcy, to enforce here a prosecution for matters which are offences against the Bankrupt-laws ; and although you will have observed there are many matters which, if carried out to their full extent, involve other very serious charges indeed, the matters as to which I am instructed to call your attention are those which are connected with what—to use a familiar term—is a *fraudulent* bankruptcy. I take the liberty of asking you, as the matter now stands, to commit these two persons for non-surrender when called upon so to do ; to commit them also for the credit which they have obtained under the pretence of legitimate trading, and with a view to fraud ; and also for the concealment of their goods.”

Sir Peter Laurie replied:—“ I told the two prisoners, the last time I was here, that I had no doubt to-day I should commit them. I perfectly agree with Mr. Ballantine in what he has stated ; at the same time I am sure those in court would wish to hear the depositions read over. It is also my duty, as a magistrate, to protect honest people against dishonest people, and I have asked the City Solicitor, who sits at my right hand, to watch the depositions, to see if anything arises which is not connected with the bankruptcy, so that if anything of that nature does arise out of them I may instruct the City Solicitor to prosecute independently on those things.”

The depositions, after certain corrections had been made, were then read, and a long discussion ensued about sending the whole of them with the committal to the Court above. The City Solicitor wished to limit them to what concerned the bankruptcy only, but this was strongly opposed by Mr. Ballantine, and eventually Sir P. Laurie expressed his intention of sending up the whole of the evidence which he had heard. This was unpleasant news, perhaps, for Messrs. Overend, Gurney, and Co., but there was no help for it, though Mr. Edwin James, who

watched the proceedings on their part, did his best to exonerate them from the imputations to which they had been exposed by the "passive" course which they had adopted. "The matter (*i. e.* the fraudulent warrants) attracted their attention," he said, "at the time, and it was referred at the time to their solicitors. It was found that considerable difficulty existed *as to any specific charge* (!); and the warrants which were deposited with them had all the appearance of genuine warrants; and when Mr. Pelly was sent down, in June or July, he ascertained and found that there were goods there representing the warrants. There were some circumstances which at that time, were not found out, and which subsequently showed these warrants to be valueless. At all events, at that time Messrs. Overend, Gurney, and Co. had not materials for such a serious charge as this. I need hardly say to you, Sir, that Messrs. Overend, Gurney, and Co., having sustained considerable loss, occurring also at a time when the prospects of the money-market were gloomy and uncertain, all who consider the matter will feel that, if there was no certainty of success in a prosecution at that time, *it would have been very foolish to have originated a panic* in the market with reference to these documents, which had passed and been received as security for mercantile transactions.* I know the City Solicitor

* In the 'Economist' of June 23rd, 1855, appeared the following comments on this argument:—"Whatever may be wrong in the estimation of the mercantile world in the conduct of Messrs. Overend, Gurney, and Co., it is backed by the authority of the solicitor and the advocate. The 'Bankers' Magazine' for June said of this distressing case—"There does seem good ground for questioning the course pursued by one house in not denouncing these delinquents when a discovery of their frauds was first made." 'Owing to a want of punctuality in the repayment of loans to the firm in question, the acting partner drew from Gordon the admission that the warrants deposited were fictitious so early as October, 1853. *Meanwhile the delinquents are allowed to continue their career, and subsequently to obtain advances from other money-lenders and brokers on the lodgment of similar*

will distinctly understand me as not saying this to throw any impediment whatever in the way of any prosecution which, in its discretion, the Court may think it right to direct him to take, but any assistance that Messrs. Overend and Gurney can

securities.' 'As one of the chief heads of the money-market, it was incumbent on the partners, or those who knew of the transaction, to have brought it openly to light, and prevented the introduction of any additional quantity of these simulated documents.* No explanation of conduct like this can be offered. The *mistake* has been made, and whether it is to be attributed to the delicacy of announcing a loss, or other secret motive, it has in this instance recoiled with startling severity.' The conduct so denounced by a mercantile authority, which does not express half nor a tithe of the indignation felt amongst mercantile men, was sanctioned, according to Mr. James, by a solicitor, and he endorses the sanction. He gives as a reason that the parties had a serious loss, and felt that it would have been most imprudent 'to have raised a panic in the market' with regard to these fictitious documents. This means, if anything, that Messrs. Overend, Gurney, and Co. kept up the value of these fictitious warrants in the market—whether or not with the intention of covering some part of their own losses, we say not—after they knew them to be fictitious, and are therefore morally and commercially, if not legally, responsible for all the mischief and all the fraud perpetrated by means of these warrants after October, 1853. To this conclusion we have come on the statement of Mr. James, and on the admitted fact that they knew the fictitious character of these warrants in October, 1853, and feel ourselves bound to express it."

The 'Daily News,' of the 22nd June, 1855, made also the following observations on the subject:—"It is not our practice to prejudge legal inquiries by pronouncing an opinion on cases about to undergo a scrutiny in courts of law; we, therefore, abstain at present from comment on the recent bank failure. For the same reason the only remark we now offer on the awkward stories about forged dock warrants, which have recently been obtruded on public attention, is that we hope the unaccountable scruples of the City Solicitor as to instituting legal proceedings regarding them may be got over. In the interest of public morals it is necessary that the subject should be thoroughly probed. But while we abstain from pronouncing an opinion on any personal accusation, at the present stage of the investigation, we are entitled to say that it is with deep regret we find it admitted that individuals who have had forged dock warrants placed in their hands as securities have compromised and hushed up the matter on a prospect being held out to them of

* See S. Laing's letter to Pearson, page 128.

render will be readily given. I merely mention that, at that particular date, no sufficient evidence existed of a certainty of a conviction. This matter, as I before stated, was referred to their solicitor, and I do not hesitate to say that, had it been submitted to me, I should have given the same advice as he did."

To this casuistical pleading Mr. Ballantine made an unanswerable reply. "Upon the subject," he said, "whether Messrs. Overend, Gurney, and Co. ought to have instituted a prosecution or not, I am not prepared to give an opinion. That was a matter for their consideration; but *they ought, at all events, to have allowed the matter to be publicly known, and they ought to have prevented the same means being used to commit fraud and to commit injuries upon other people.*"

At the examination of the 26th June, Sir P. Laurie announced that he had directed the City Solicitor to prosecute, and the week following Mr. Ballantine stated, that in consequence of this arrangement Messrs. Linklater could only prosecute on affairs arising out of the bankruptcy. The next examinations, therefore, were conducted by the City Solicitor, and on the 18th

recovering the money advanced. If any cabman detected in uttering a bad half-crown were to allege that indeed he knew it to be bad, but that having taken it unawares, he thought to save himself from loss by passing it off upon a customer, would any magistrate listen to his plea? Now, we confess that the person who allows the forger of a dock warrant to escape, on obtaining indemnity, appears to us to differ from our suppositious cabman only on account of the greater magnitude and mischief of the fraud at which he connives. And it is with regret that we hear such a practice so frequently spoken of in an apologetic tone as pardonable in men threatened with extensive losses. What is that probity worth that is not proof against the prospect of loss? And how long will that credit which is the animating principle of English industrial enterprise—the main-spring of our national greatness, survive if such a lax code of morality is allowed to prevail?"

July, in addition to Davidson and Gordon, Cole was included in the indictment charging them with fraud in connection with the fictitious warrants, and was brought up from Newgate on purpose. The cases which were gone into referred to the warrants held by Messrs. Overend, Gurney, and Co., and several others held by Mr. Vaughan, Mr. Lord, and Mr. Hoffman. Some cases of Cole's were also opened, those being avoided upon which he had been already tried: into the details of the evidence adduced it is not necessary to enter, as they exhibited no feature of novelty or additional importance, and the prisoners were again remanded till the 14th July. On that day the City Solicitor stated that Messrs. Quilter and Ball, the accountants, were unravelling Cole's affairs *with certain parties*, and he believed the investigation would disclose *most important facts*.* On the 30th July the City Solicitor said he should adduce no more evidence, and that his case was closed, whereupon the three prisoners, who declined to make any statement, were all committed for trial.

The nature of the transactions in which Cole, Davidson, and Gordon were combined having thus been fully developed, a brief summary of several indictments against them in the Central Criminal Court is all that circumstances now render necessary. On the 23rd August, 1855, the indictments against Gordon for non-surrender, fraud, and embezzlement were proceeded with; he was found GUILTY, but his counsel, Mr. Montagu Chambers, having raised certain points with reference to the legality of the notice of adjudication of bankruptcy in the prisoner's absence from England, judgment was deferred, and the cases of Davidson and Cole were postponed until after the

* See Messrs. Quilter and Ball's Report (Appendix B.), which fully bears out the supposition of the City Solicitor.

decision in the case of Gordon. That decision was favourable to the prisoner. The charge broke down, in the opinion of the Judges, from the defective evidence of one of the witnesses. Mr. Hamber, the messenger of the Bankruptcy Court, deposed that he had only left one duplicate of the adjudication of bankruptcy at the counting-house of Davidson and Gordon, and not two, as the Act requires. It turned out, in point of fact, that Mr. Hamber had left the duplicates, but as a defect in his evidence,—one which arose from want of memory,—could not, in the present state of our criminal law, be supplied, the conviction was necessarily quashed on this ground.

On the 19th December, 1855, Davidson and Gordon made their appearance for the second time in the Central Criminal Court, to plead to several indictments charging them with misdemeanour and felony. The case that was gone into charged the prisoners with having, after they had been adjudged bankrupts, feloniously embezzled and secreted a portion of their estate over and above the value of 10*l*.—to wit, three bank-notes of the value of 500*l* each—with intent thereby to defraud their creditors. In another count they were charged with embezzling money to the amount of 2600*l* with the like intent. Evidence of the proceedings of the prisoners on the day of their evasion having been fully given, Mr. Legge, a clerk in the Union Bank of London, proved that on the same day the acceptances of Messrs. Grimble and Messrs. Howell were discounted by Gordon; the open cheque for 2600*l* given by Mr. Lennard to him was presented at the bank, and paid in five 500*l* notes, and one for 100*l*, but he was unable to say by whom the cheque was presented. It was the embezzlement of these three notes which was charged in the first count of the indictment.

What follows with reference to the singular result of this

trial, which may worthily figure hereafter amongst the *causes celebres*, is taken from the *resume* given by the 'Daily News,' in an article on the subject on the 21st December, 1855:—

"Having proved thus much, the counsel for the prosecution were about to close their case, when Mr. Baron Alderson intimated that there was no proof whatever that these three notes had ever been in the possession of the prisoners at all; it was shown, indeed, that the prisoners had been abroad, and that the notes came from abroad, but no evidence had been adduced that they had ever been in the particular parts of the Continent whence the notes came. Surely this was a somewhat singular view of the evidence. It had been shown that on the Saturday the prisoners had obtained acceptance for about 2600*l*; it was shown that on the same day a cheque for that amount had been paid, principally in 500*l* notes; it was shown that on the night of that day the prisoners had fled from Dover to Ostend; it was shown that within the space of ten days afterwards three of the notes, the proceeds of the 2600*l* cheque, had been returned to this country from parts of the Continent closely adjacent to the port to which the prisoners had been traced. Was not this *some* proof to lay before a jury upon the issue whether the prisoners had ever had these notes in their possession? However, the proof was carried further: the 100*l* note, and the two other notes for 500*l* each, which together with the other three made up the amount paid over the bank counter, were shown to have formed part of the moneys handed over by Mr. Emslie to the assignees, out of the sum which Gordon had left in his hands on the day of his flight. It was shown, moreover, by entries in account-books kept by Davidson, that both prisoners had been at Ostend, Liège and Aix-la-Chapelle. As far as proof of possession was concerned, this additional evidence seems to have satisfied even Mr. Baron Alderson.

"The case now took a different turn. The first count, it will be remembered, charged an embezzlement of the three 500*l* notes. The Act of Parliament only applies to embezzlements committed by persons after they are adjudged bankrupts. Now the adjudication of bankruptcy not having been till the 21st of June, and the only acts which could be considered as amounting to an embezzlement of the *notes* having taken place on Saturday the 17th, it was contended—and no doubt very properly contended—that this count must fall to the ground.

The counsel for the prosecution, indeed, himself abandoned it, and proceeded to rest his case on that which charged the embezzlement of 2600*l* in *money*. Here he was met by fresh difficulties. Mr. Baron Alderson began by taking an objection which we must say we think in the highest degree discreditable. 'The prisoners,' he is reported to have said, 'were charged with embezzling money, which meant English money. The evidence was, that they had expended French and other foreign money; and that would not do!' Mr. Ballantine submitted that the word money might apply to both English and foreign currency, but that, if not, the Court would be justified in amending, under the salutary powers conferred by Lord Campbell's Criminal Amendment Act. It is with great regret we find that a Judge so able and generally enlightened as Mr. Baron Alderson thought it necessary to intimate that he should not feel himself justified in exerting the powers of Lord Campbell's Act for the purpose of making so simple an amendment as this. When death by hanging was the legal punishment for stealing half-a-crown in a dwelling-house, this rigour of technical accuracy was a shield held out by humanity between the law and its victim: to maintain it now is but to impede the stream of justice in its course, to throw discredit on the law, and to shake confidence in the wisdom of the law administrator.

"It become unnecessary, however, to press this point, for a fatal objection still remained; although the embezzlement of the money, the produce of the notes, had undoubtedly taken place after the adjudication in bankruptcy, it had also taken place not in this country, and therefore within the jurisdiction of the Court, but abroad, and therefore beyond it. This objection was final and conclusive. The Bankruptcy Consolidation Act had made no provision whatever for a case of such very probable occurrence as that a party intending to elude his creditors should abscond from this country with bank notes obtained here, but converted into cash on the Continent. This is a *casus omissus* in the elaborate statute, which its framers would have us regard as a complete code of the English law of bankruptcy, and which, without reckoning forms and schedules, contains no less than 278 clauses.

"As far as the charge of 'concealment and embezzlement' is concerned, Messrs. Davidson and Gordon have been able to break triumphantly through the meshes of the law, (see Mr. Laing's letter to the City Solicitor) because, though they unquestionably both embezzled and concealed, they did not do either in this country, and the Act of Parliament is so drawn as to be powerless in this respect beyond the limits of the realm.

"Thus, then, drops the curtain on the second act of this solemn legal farce. The only moral of which it seems susceptible is one adapted for the benefit of young practitioners in fraudulent bankruptcy: Get as much paper as you can procure, paid in as many 500*l* notes as is convenient; take care to cross the Channel before you are adjudged bankrupts; change your notes abroad as quickly as you can after that event; live on your cash *ad libitum* as long as it lasts; when your last franc is spent, surrender yourself to British justice, confident that if

you are brought up on a charge of embezzlement you will be able to laugh at the law and its sages, and re-enter society with all the *eclat* of having perpetrated, and been acquitted of, a 'Great City Fraud.'"

But although acquitted on the technical grounds which were insisted upon by Mr. Baron Alderson, the prisoners, Davidson and Gordon, were not yet out of the wood. They had escaped twice: the third trial was fatal. On the 20th December they were once more brought up, charged with unlawfully and fraudulently obtaining goods under false pretences. There was no hitch upon this occasion; the prisoners were found guilty upon all the counts save one, and were sentenced to hard labour for two years. There remained, however, a further indictment against them, together with Joseph Windle Cole, but this was deferred until the following session, to be held on the 6th February, 1856. How that was disposed of has already been stated in the "Introduction" to this narrative, but the subject demands something more than a mere passing allusion.

It was stated by Mr. Wild, Q.C., who conducted the prosecution on the 6th February, that "the authorities of the City of London had felt it their duty, in the first instance, to prefer another indictment, in case there should have been a failure of justice upon the other three; but as a conviction had taken place, *they felt it was now unnecessary to proceed with it.*"

This argument would have been quite conclusive, if the sole object of a fresh indictment had been simply that of going over the former ground, and heaping conviction upon conviction on the heads of men already condemned by law, and whom, moreover, no further punishment could reach. But independently of the prosecution of those who were the immediate perpetrators of the frauds which the resolute efforts of Messrs. Laing and and Campbell had brought to light, another and scarcely less

imperative duty devolved on the City authorities—once, indeed, which went hand in hand with the original proceeding. It was not merely that of prosecuting the obvious delinquents, but—as guardians of the mercantile morality and commercial reputation of the City of London—of endeavouring also, by every means in their power, to expose the supporters of those delinquents, wherever they were to be found, without the slightest regard to their possessing influence or position; and this might have been most effectually accomplished by taking the admirable and searching “Report” of Messrs. Quilter and Ball as the basis of the extended inquiry, and then fearlessly following up the indications afforded by that document.

Where the knowledge of a crime is suppressed, a motive for that suppression must of necessity exist: the world is not so indifferent to public wrong as to conceal it *en pure perte*. It was within the knowledge of Messrs. Overend, Gurney, and Co. that Cole, Davidson, and Gordon were guilty of acts of the most fraudulent nature. But this information they entirely concealed until their acquaintance with it was elicited from them eighteen months afterwards in a court of justice (in the first instance at the Court of Bankruptcy, and subsequently at the Police and Central Criminal Courts); and it is not unreasonable to suppose—indeed, everything warrants the supposition—that no revelation would ever have been made by them had they only been left to the promptings of their own consciences. The motive, then, for their concealment is to be sought, and we discover it wrapped up in their personal interest. This is no conjecture, but a specific fact, and for its demonstration the reader has only to turn to Messrs. Quilter and Ball’s Report,* where

the profits which Messrs. Overend, Gurney, and Co. derived from the continuation of their dealings with Cole subsequently to the 5th October, 1853, are shown as clearly as figures can set them forth. The advantages which they derived from discounting bills for Davidson and Gordon under the same circumstances have been made equally apparent in the last chapter.

It was towards the close of last June that the City Solicitor was instructed to prosecute, and in his address to Sir Peter Laurie, at Guildhall, on the 10th July, explanatory of the course he intended to pursue, he said it was his intention to proceed upon the whole of the warrants of Overend, Gurney, and Co., and to apply as overt acts several others which he specified; making it appear by this intimation that the prosecution would be, in all respects, a *bona fide* one. The City solicitor moreover said, in the course of the examinations which he conducted (this was on the 14th July)—“I must wait for the Report of Messrs. Quilter and Ball, *which may involve other parties besides those at the Bar.*” For this Report, however, the City Solicitor did *not* wait, but on the 30th July announced that his case was complete, and Cole, Davidson, and Gordon were, as we have already seen, committed.

The several trials on the charges which implicated Davidson and Gordon only were brought to a close on the 21st December, and the City prosecution was still untouched. If the case against the three prisoners was in the estimation of the City Solicitor, “complete” at the end of July, it could scarcely have been less so at the end of December, when, in addition to all the evidence which he possessed before, the Report of Messrs. Quilter and Ball, which is dated November 21st, was put into his hands. But, in the interim, the City Solicitor had been harrassed by doubts, beset by misgivings, troubled by scruples;

nothing seemed clear in the case; he was groping his way in a fog; the more information he obtained the more he appeared to be misled. As to being able to discover anybody else who had gone wrong, besides the three convicted criminals, it was altogether beyond his capacity. He made one discovery, however, and a most notable one: he, as the delegated prosecutor, was not bound to get up evidence to prove additional complicity; *that* duty devolved upon others. Furnish him, he said, with the proofs that other parties were really involved in the swindling transactions of Cole, Davidson and Gordon, then wouldn't he prosecute! Only let somebody else bell the cat, and he would do the rest! Really, the City Solicitor's zeal had no parallel save in the excess of his caution. That we are speaking "by the card," let the following correspondence testify:—

London, December 22nd, 1855.

Dear Sir,

In the Criminal Court, last Thursday, you intimated to me that Messrs. Quilter, Ball, and Co. had refused to give you any information relative to the transactions that had taken place between the Bankrupt Cole, and Overend, Gurney, and Co., subsequent to October 5, 1853. In reply I told you that I would at once communicate with Mr. Murray, and instruct him, as one of the assignees, to authorise Quilter Ball, and Co. to give you all the information you desired. Enclosed you have copies of letters sent to you by Quilter, Ball, and Co., and by Quilter and Co., to Mr. Murray, and by Mr. Murray to me. It is quite clear that Quilter and Co. are willing to comply with your request, and it remains to be seen if you are desirous to avail yourself of it. All the papers that I have so far placed before you have been considered useless. I must beg to differ with you in this respect, and maintain that the documents put into your hands by me are of the greatest importance in your

conducting the prosecution for the City, and ought to be placed before the counsel. Mr. Stovell has volunteered his assistance in addition, and I may had, without any breach of confidence, that Mr. George, of Messrs. Linklater and Co., is in possession of a great deal of important information, which remains at your service if you wish to take any advantage of it. The conduct of the City prosecutor is looked forward to with the greatest anxiety. You have materials now at your disposal to place before the public a case without precedent, fraud premeditated, and carried out to an extent almost fabulous, and continued after the first disclosure under the assistance of what most people would term superhuman aid. I must entreat of you to give this case your serious consideration: no one doubts your ability,—let no one doubt your inclination, to act without fear or favor. Under such favorable auspices I do hope that the result may be alike creditable to the Corporation as to yourself, their official. To the commercial community it is a matter of the most vital importance that a stop should be put to such infamous proceedings. I must have it clearly understood that I entertain no malignant feelings to any of the unfortunate men at present implicated, although I have been grossly swindled by Cole: I trust I may claim credit for a purer motive than mere petty revenge, which can avail me nothing.

The following are papers referred to:—

Banker's Pass Book and Cheque for 7000*l*., and two Warrants received from Cole, part of thirteen, 30th July, 1853. Two Warrants part of twenty-six received from Cole 26th July, 1853, and Cheque for 10,000*l*..

Fourteen warrants for the purpose of being exhibited in Court.

Note from Cole, handed to Mr. Laing by Digby.

List of Warrants taken by S. Goodburn to Maltby.

Four Copies of Letters written to Cole and Maltby, and Memorandum respecting Graham's evidence of Cole paying for lease, and rent of Hagan's Wharf.

Counsel's brief at Cole's trial.

Plan of the Wharf.

Landing account of Goods removed from the Wharf.

Account Sales and Nett proceeds.

Copies of Letters of Overend, to Cole and Sargant, relative to a transfer of Cochineal and Coffee.

Letter from Davidson and Gordon, to Overend and Co., relative to a transfer of 1600l.*

Quilter's letter to S. Laing.

Quilter's Statement of transactions between Overend and Cole, subsequent to October, 1853. (In addition to Quilter's letter, they can give details of the sale and purchase of 400 tons of Spelter in October, 1853, and of a transaction between Short and Co., and Cole, and Overend, in February, 1854, deeply implicating the latter parties.)

I am, dear Sir,

Yours very truly,

SETON LAING.

C. Pearson, Esq., City Solicitor, &c., &c.

The following are the enclosures referred to:—

Re COLE.

London Street, December 21st, 1855.

Dear Sir,

On the other side, I send you copy of a letter received this morning from Messrs. Quilter, Ball, and Co., in

* The actual amount of this transfer was not known at the time: it turned out to be 1566l 6s 7d.

reply to mine of yesterday, with a copy of their letter to Mr. Pearson of the 17th instant, and

I remain, dear Sir,

Yours truly,

WILLIAM MURRAY.

Seton Laing, Esq., Mincing Lane.

Re COLE.

57, Coleman Street, 21st December, 1855, 9.45 A.M.

Dear Sir,

Your note dated quarter-past five yesterday as just been read by us. That Mr. Pearson has either not read the letter we wrote to him on this subject after our last interview with you, or has misapprehended and so misrepresented its purport, or that the assignee who communicated with you had not correctly apprehended or reported Mr. Pearson, will we think be clear to you on a perusal of the letter to Mr. Pearson, of which we enclose you a copy.

We remain, dear Sir,

Yours faithfully,

QUILTER, BALL, and Co.

William Murray, Esq.

57, Coleman Street, 17th December, 1855.

Dear Sir,

With reference to the matter relative to which you called upon us on Saturday, having seen Mr. Murray upon it, we beg to say, that if you will let us know the particulars of any information you may require, we will do our best to supply you with it, but that we do not feel at liberty to furnish you with a copy of the Report made by us, without the sanction of the assignees.

We remain, dear Sir,

Yours faithfully,

QUILTER, BALL, and Co.

Charles Pearson, Esq., City Solicitor.

To Mr. Laing's letter and its enclosures the City Solicitor replied as follows:

Guildhall, Dec. 28, 1855.

Dear Sir,

Slight indisposition and great need of a little rest *has* prevented my coming to the office till this morning, where I find your letter with its enclosures. When I saw you on Friday in the Central Criminal Court, I told you I required to lay before counsel, on the next day, Messrs. Quilter and Ball's report to Mr. Murray. I at the same time told you I had seen Mr. Ball, who had received instructions from Mr. Murray to afford me any information in his power, but *not to give me a copy* of the Report (which was quite confidential) without the sanction of the assignees. You promised immediately to see Mr. Murray and give the required sanction. I presume you did so, for on the following day I obtained a copy of the Report from Mr. Ball, in time for the consultation on Saturday last, when it was read and very fully considered. You are mistaken in supposing that I intimated that Messrs. Quilter and Ball had declined to give me any information. I said to you then, as I have before stated, that if any important facts had come to light since the meetings we had at Mr. Murray's and at Messrs. Quilter and Ball's offices, I would rather receive it direct from them, or Mr. Murray, than through yourself, for two reasons—first, because Mr. Murray's legal knowledge, and Messrs. Quilter and Ball's familiarity with such subjects, would qualify them to separate important from unimportant facts better than yourself, who have had only your own experience in such matters to guide you, and who smarting under the sense of personal injury, are less likely to regard them calmly and dispassionately than men who are only professionally engaged in considering them. I take pride in feeling that I use great frankness and candour in my communications to all

parties with whom I am engaged, and I think I have expressed the foregoing sentiments orally, as well as in writing, not only to yourself, but to the other gentlemen named. I am quite sure I never complained of Messrs. Quilter and Ball, as withholding facts from me. I am happy to acquire information from any person and by any means, but I do not consider myself at liberty to rely upon any statement I hear, unless I am furnished with the means of testing its accuracy, and (finding it accurate) I deem it my duty to obtain the assistance of eminent counsel to weigh carefully both its relevancy and effect upon the cases committed to my charge ; it will be in their discretion to use it, or lay it aside, as their sense of professional duty may determine. In their opinion the case is beset with great difficulties, and in this opinion I entirely concur. It is amongst the greatest of these difficulties that for the means of bringing guilt home to the defendants, we are principally indebted to the evidence of Mr. Chapman,* whose conduct in concealing the frauds practised upon him, after they had been discovered, is calculated to shake his credit. A similar observation, to some extent, applies to your own evidence ; for, although it was your proceedings against Cole that brought these frauds to light, your evidence at his trial, upon which you are open to cross-examination to affect your credit, shows that, after you had discovered the fraudulent character of the warrants, you were pressing him for other securities. You misapprehend any observations I have made if you think I impute to you any *malignant* feelings against the defendants, in promoting these prosecutions. I applaud the spirit, and admire the zeal and perseverance you manifest, in following up men who have injured you. If Mr. Chapman had not committed a great moral offence, Cole would have been broken up before he became your debtor, and you would thus have saved

* So freely and so accurately given ? Why Mr. Chapman withheld such important information at Cole's trial is best known to himself, or remains to be explained.

your money. If by fear of public exposure Mr. Chapman can be induced to do you justice, and return your losses (which you have never hesitated to avow as one of the objects of your proceedings), no man properly set that down to the score of malignant feelings. If Messrs. Overend, Gurney, and Co., have employed their wealth, character, and position to build up the credit of Cole, Davidson, and Gordon, after they knew of these frauds, and if by acting upon the feeling which wealth, character and position call into play, you, and the other creditors of the bankrupt, can get recouped your losses, no man can justly blame you; but I must take care that I do not permit my functions as a public prosecutor to be directed by you for the purpose of effecting your private objects, however justifiable or laudable they may be. I hold it to be my duty to employ all the evidence I possess or can acquire, to prove the cases comprehended in the two indictments now before the Court. If the assignees of either of the Bankrupts can now furnish me with *evidence* to implicate Mr. Chapman, or any other person, in the frauds with which the present defendants stand charged, I should consider that my instructions from the Court of Aldermen are sufficiently large to warrant me in taking such measures as counsel may recommend to dispose of these indictments, in order that others of a more comprehensive character may be preferred. No time is to be lost, if any change in our course of proceedings is to be made, as the Sessions will commence on the 7th of January. I still think it will be more useful and more proper for me to be furnished with any additional information bearing upon the question through the solicitors, but I shall not decline to accept it from any other quarter.

I am, dear Sir,

Yours truly,

CHARLES PEARSON,
City Solicitor.

Seton Laing, Esq.

Mr. Laing replied to this elaborate epistle in the following terms :

London, 31st December, 1855.

Dear Sir,

I beg to acknowledge the receipt of your favour of the 28th instant., in reply to mine of 22nd. I have no desire whatever to enter into any legal controversy with you, from the fact that I am supposed to be ignorant of such matters. In the conduct of the City prosecutions you, as well as myself, ought to have only one object in view, justice fully and fearlessly administered. That you intimated to me your inability to obtain information from Quilter, Ball, and Co., relative to Overend and Co.'s transactions with Cole, I entertain not the slightest doubt; the result speaks for itself—you have had their Report, a document of great ability and value. I do not mean to notice the accusations you have made against me, beyond giving them a positive and flat denial. My grand object has been not to obtain back the property of which I have been defrauded, but rather to protect the public against similar frauds, and openly to denounce a gang of swindlers, the moment I had sufficient proof to act upon. I can lay claim to a far purer motive than the paltry consideration of a few thousands of pounds. By remaining "passive," and acting in a similarly dishonourable manner to Chapman, I could have pocketed the 1,500*l.*, offered to me by Cole's attorney, and saved 800*l.* legal expenses—sums far above any dividend likely to arise from the Bankrupt's estate. I have used, and shall continue to use, ALL legitimate means at my disposal, either for the purpose of the recovery of my property, or of instituting criminal proceedings against other parties implicated, in the event of your failing to do so, at the same time reserving to myself the right of making free use of your last communication to me. The fact of Over-

end and Co. not having denounced Cole, and Davidson and Gordon, in October, 1853, when the fraud was first discovered, has enabled them* to plunder the public, and so arrange and concoct their future plans as to place the laws of their country at defiance. However great the influence of Overend and Co., they will find to their ultimate cost that such transactions cannot be allowed to pass with impunity.

I am, dear Sir,

Yours truly,

SETON LAING.

C. Pearson, Esq., Solicitor.

In the City Solicitor's answer to the foregoing, dated January 5, 1856, he alleges, as the reason for his continued inaction, that he cannot obtain "direct evidence" of Mr. Chapman being a party to the proceedings of Cole to get out of the hands of *bona fide* creditors good warrants, for the purpose of placing them in the hands of Overend, Gurney, and Co., in reduction of their claim, and with a keen sense of his official duties, informs Mr. Laing that if he can give him any clue to facts in proof of Mr. Chapman's complicity in these transactions, he will "without delay lay them before counsel," so that he may "report upon the whole matter to the magistrates at their next meeting. But," he adds in conclusion, "I certainly cannot consent to remain in the uncertain state in which you have left me."

The correspondence closes with the following letter, in which Mr. Laing expresses the opinion that it is no part of his duty to usurp the legitimate functions of the City Solicitor. He says:

"London, January 7, 1856.

"Dear Sir,

"I have to own receipt of your letter of the 5th

* Meaning Cole, Davidson, and Gordon.

instant. My communications to you have been sufficiently explicit: you are at liberty, of course to draw your own conclusions from them. I claim credit for having placed at your disposal most important facts directly bearing on the City case, which have not been received in that courteous way I expected; I do not, herefore, intend again to subject myself to your censure. When the proper times arrives, I shall be prepared to vindicate the course I have taken. I am not the prosecutor; it is, therefore, no part of my duty to get up evidence. What can be more simple than tracing the securities, warrants, &c., that have been placed in Overend, Gurney, and Co.'s hands, by the three Bankrupts, subsequent to October, 1853, upon which they have pocketed so large a sum? Surely, this is your duty; it cannot be mine. I fear the City prosecution has not had that attention and assiduity which the importance of the case demands, and which the public have an undoubted right to expect; from first to last there has been far too much apathy and indifference, and thorough absence of free and independent action somewhere: with such conflicting elements I see no prospect of a fair or even satisfactory result. In August, last year, you told me the case was complete. under the immediate charge of Mr. Ryland: now I am told it is beset with the greatest difficulties—how is this? Surely the astounding facts that have subsequently been developed cannot be the cause. Great difficulties have, and can only be overcome at the sacrifice of great personal interest, coupled with bold and independent action.

"I am, dear Sir,

"Yours very truly,

"SETON LAING."

"C. Pearson, Esq., City Solicitor."

At this point the prosecution of Cole, Davidson, and Gordon,

for conspiracy remained in abeyance. With Messrs. Quilter and Ball's report before our eyes, the City Solicitor could read in it nothing to the disadvantage of Messrs. Overend, Gurney, and Co.; or, reading it, his official zeal evaporated, like the courage of Bob Acres, at the tips of his fingers. In his letter of the 28th December, 1855, he had recorded strong opinions against Mr. Chapman, but with that explosion of virtuous indignation he appears to have been content. "Hard words," as the proverb says, "break no bones:" it was one thing to express an abstract sentiment, and another to have recourse to legal proceedings. The City Solicitor preferred the former. The same deadening influence extended apparently to the worshipful Court of Aldermen, who—less earnest than Sir Peter Laurie in "protecting honest people against dishonest people," and held in greater awe than he by the *prestige* of wealth—came to the comfortable conclusion that enough had been done in the matter, the ends of justice had been satisfied, and it was unnecessary to proceed with the last indictment—that indictment which proposed to lay bare the secret springs that had kept the conspirators in motion to the detriment of the commercial world, for a period of nearly nine months!

The direct avenues to justice being closed, the only course that remained for Mr. Laing, in his desire to protect his firm and the public, was to publish Messrs. Quilter and Ball's report, and combine with it a full narrative of the whole of the proceedings of Cole, Davidson, and Gordon and their abettors. That this duty should have devolved upon him he deeply regrets, but there was no help for it: the vicarious office was forced upon him by the unwillingness to do their duty of the City authorities, and their conscientious servant the City Solicitor. Happily the day is not far distant when the Citizens of London will not only witness the extinction of many useless antiquated customs, but will reap

the benefit of having City matters conducted in a spirit more in unison with that of the present time.

In carrying out a criminal prosecution of such vast magnitude and importance as that which was demanded by the frauds of Joseph Windle Cole, in which so many conflicting interests were necessarily involved, the responsibility, care, and anxiety which weigh upon the person who undertakes it—to say nothing of the pecuniary sacrifices that must be made—far exceed anything that can well be imagined by those to whom the proceedings in the Old Bailey Court are, happily, a mystery; and, amongst the difficulties with which the private prosecutor has to contend, not the least is that which he meets in the very outset, arising from the mistaken delicacy of many who, though in possession of proofs amply sufficient to ensure conviction, refrain from coming forward in consequence of the repugnance they feel to make their appearance in court. Hence it is that great criminals frequently escape the exposure and punishment which are justly their due: a temporary respite from the fraudulent practices by which the mercantile community suffers is all that it obtains; and it follows, almost as a matter of course, that the same parties renew their iniquitous career, with only this difference in their mode of conducting it, that they select as their victims those to whom their former courses are unknown. The license to which a fancied impunity gives birth inflicts in this way the most serious injury on commerce. Confidence—the real basis of all commercial transactions—is deeply shaken; and an encouragement is virtually held out to the perpetration of crime.

These dangerous issues might, however, be prevented, if the example which has been set by the London bankers were followed by other trading classes. Amongst that body an Association exists solely for the purpose of prosecuting offenders, without regard to their social or commercial position, an attorney

being specially appointed to act in all cases. If a similar association were formed by the merchants, bill and colonial brokers, immense advantages must ensue. It would make the reckless speculator pause, and the fraudulent dealer restrict his operations, and would act as a most efficient check upon that looseness of principle which only regards business with an eye to personal profit.

The numerous cases of fraud that have come before the public within the last two years—in which opulent bankers, widely-dealing merchants, and trusted men of high station have so conspicuously figured—may all be traced to the same source: an unscrupulous resolve to carry speculation to its utmost limits, unrestrained by any consideration for its effect upon public credit or private fortune. The inevitable consequence has been a fearful category of crime and a vast amount of suffering, much of which might have been lessened had the men who were the authors of these evils been under the apprehension that retribution awaited them at the hands of a public prosecutor.*

Since it became known that the great City frauds were about to be made public, numerous complaints have reached us from highly respectable persons, who have all suffered more or less by their dealings with Davidson and Gordon, and Cole, subsequently to October, 1853.

Messrs. Goll and Co., a highly-respectable firm at Amsterdam, sent by order of Cole, Brothers, 1,600 slabs of Tin, of the value of 6000*l*, by steamer to Liverpool, only a fortnight before the

* It was stated by Sir George Grey, the Home Secretary, in the House of Commons, on the 9th June, 1856, in reply to Mr. J. G. Phillimore, that it was not the intention of the Government to propose a bill during the present session for the appointment of a public prosecutor; but the Attorney-General had expressed a desire to prepare a bill during the recess, and submit it to Parliament as early as possible.

Bankrupts failed. At the same time they handed Cole, Brothers, the bill of lading, and drew a bill upon them for the amount at fourteen days' date. The very day the bill became due Cole stopped payment; the bill of lading had, in the meantime been handed over to Messrs. Fielding, Brothers, of Liverpool. Messrs. Goll and Co. were thus grossly swindled out of the whole amount.

One sugar-broker in a large way of business has stated that the first and only transaction his firm ever had with Davidson and Gordon took place early in 1854. The partners were induced to purchase about 350 tons of Manilla Sugar to arrive, from the fact being well known in Mincing Lane that the Bankrupts had the greatest facility in Lombard Street. Part of the Sugar arrived shortly afterwards, and was regularly paid for; the remainder came to hand early in July, after the Bankrupts had absconded. The Sugar was sold, and the selling brokers became responsible for the payment; the result was, the brokers were out of pocket about 800*l*. Another brokers' firm, which ranks for a large sum upon the two estates, and suffered more than any other, has stated that Gordon not unfrequently exhibited Overend and Co.'s cheques, stating that he had just been discounting paper. This was done to show what he could do, *and most probably what better firms would have been denied*, thus deluding his victims by sustaining a false position. The very day Gordon absconded, he borrowed from the suffering firm last adverted to a cheque for 700*l*., which was of course never returned.

A Manchester house which suffered severely from transactions with Cole, and Davidson and Gordon, during 1854, and was mainly instrumental in capturing the two latter, asserts that manufactured goods were actually delivered to the Bankrupts only a fortnight before they failed. Numerous other cases of

even greater hardship could be detailed, but one and all ending with the same lamentable fact, that—as the Solicitor for the City has stated in his letter to Mr. Laing—"had Cole been broken up in October, 1853, by Overend, Gurney, and Co., when they discovered the fraud," all the sacrifices which have been detailed in this work would have been avoided. It may not be altogether out of place to mention the actual nominal amount of spurious warrants, which are known to have been put into circulation by the three Bankrupts, at the date of the failures:—

Cole, Brothers	-	-	-	-	-	£367,800
Davidson and Gordon-	-	-	-	-	-	150,800
						<hr/>
Making a total of	-	-	-	-	-	£518,600

APPENDIX "A."

THE ARTFUL DODGERS.—It appears to be an undoubted fact that the firm of "Paris and Co." was created about 1851, by Cole, Davidson, Gordon, and afterwards joined by De Russet, for the sole purpose of carrying out a double system of fraud, by discounting fictitious paper, and at the same time passing fictitious metal warrants. The firm of Paris and Co. was established about 1851, the ostensible partners being as stated above; and an account was opened at Messrs Masterman and Co.'s. It almost passes belief to think that such a nest of swindlers could have managed to delude the public for so long a period, and to have had standing and influence to put into circulation so large an amount of fictitious documents. From what we have been able to ascertain, it seems that the amount of cash that passed through the hands of Messrs Masterman and Co., their Bankers, from the time of their first acting in concert, till the final smash in June and July, 1854, exceeded 160,000*l*.

The following extract from a statement of inquiries made by Messrs Quilter and Ball, accountants, employed by the assignees to Cole's estate, to inquire into the nature and extent of that bankrupt's transactions, further indicates the complicity which existed between himself and the parties who figure in the trial of "*Daniel and Others v. Paris and Co.*," Davidson and Gordon being adjuncts to the whole of the extensive system of Cole's widely-extended frauds. Messrs Quilter and Ball observe :

"The cash transactions of the bankrupt (Cole) have also been the subject of minute investigation, in the course of which we have ascertained that, in addition to his ostensible and regular account with Messrs Glyn and Co., he kept two banking accounts in the names, respectively, of 'De Russett,' with Messrs Prescott and Co., and 'Paris & Co.,' with Messrs Masterman and Co., tracing the transfers to and from, and the payments in and out of those several accounts, with a view to ascertain the disposal of the large sums of money passing through the hands of the

bankrupt: with this result, that in so far as the monies were passed through the account with Messrs Glyn and Co., they are accounted for; but not so as respects many of the two subsidiary bankers' accounts. A thorough and complete investigation of all the cash transactions cannot be effected without reference to the books of Messrs Davidson and Gordon, between whom and the bankrupts a most intimate connection subsisted, and whose mutual transactions were on a very extensive scale: access on our part to the books of Davidson and Gordon has not been accorded by the assignees of their estate."

A specimen of the peculiar nature of the transactions between all the parties above mentioned appears in the next item of one day's proceedings, in relation to the alternate transfer of the same sum of money four times over, to the separate accounts of each:

"On the 28th of January, 1854, Cole received from Davidson and Gordon the sum of 1,200*l*, which he paid into the account with 'De Russett,' at Prescott's. On the same day he drew the like amount from that account, and paid it into the account with 'Paris and Co.', at Masterman's, also on the same day. Again, on the same day, a cheque for 1216*l* 5*s* 6*d* was drawn from the account of 'Paris and Co.', and that amount paid into the account of 'Cole, Brothers,' at Glyn's. Again, still on the same day, the sum of 1,200*l* was drawn out of the account of 'Cole, Brothers,' and repaid to Davidson and Gordon, at Barnett, Hoare, and Co.'s."

The following extract from a statement of inquiries made by Messrs Gutter and Hall, accountants, employed by the assignees to Cole's estate, to inquire into the nature and extent of the bankrupt's transactions, further indicates the complexity which existed between himself and the parties who figure in the trial of "Davidson and Others v. Paris and Co." Davidson and Gordon being adjuncts to the whole of the extensive system of Cole's widely-extended funds. Messrs Gutter and Hall observe:

"The cash transactions of the bankrupt (Cole) have also been the subject of minute investigation, in the course of which we have ascertained that, in addition to his ostensible and regular account with Messrs Glyn and Co., he kept two banking accounts in the names, respectively, of 'De Russett,' with Messrs Prescott and Co., and 'Paris & Co.', with Messrs Masterman and Co., tracing the transfers to and from, and the payments in and out of those several accounts, with a view to ascertain the disposal of the large sums of money passing through the hands of the

"B."

Statement of Discounts made by Messrs Overend, Gurney, and Co., to Cole, Brothers, in 1854, and Loans to ditto subsequent to October 13, 1853.

57, Coleman-street, 20th August, 1855.

Dear Sir,—We have received your note of the 17th inst., and in reply we beg to inform you, that the Bills discounted by Messrs Overend, Gurney, and Co., in 1854, amount to 20,120*l*. The accounts we have will not enable us to state the amount discounted between October, 1853, and 1st January, 1854. The amount of Loans made by them to Messrs Cole, Brothers, since 13th October, 1853, appear to have been by their account 76,250*l* 3*s* 8*d*.

We remain, dear Sir,

Yours truly,

QUILTEE, BALL, AND CO.

To S. LAING, Esq.

*Quilter and Ball's Report in Account with Overend, Gurney, and
Co., Nov. 21, 1855.*

Re JOSEPH WINDLE COLE, a Bankrupt.

To WILLIAM MURRAY, Esq.,

Solicitor to the Assignees of J. W. COLE.

57, COLEMAN STREET,

21st November, 1855.

SIR,

In accordance with the wish of the assignees, we proceed to submit to you the result of the examination we have been making into the accounts filed by the bankrupts, so far as it has applied to the dealings and transactions between him and Messrs Overend, Gurney, and Co., to which matter the present report is confined. We do not propose to describe in detail the process of our investigation, but simply to state the conclusions to which it has led us, accompanied by such explanations as may appear necessary, premising, however, that the period over which our examination has extended is that comprised between the 18th October, 1851, and the termination of the account on the 31st December, 1854, embracing transactions by way of cash advances to the bankrupt and repayments thereof, to the total amount of 680,000*l* or thereabouts.

It will be useful to bear in mind the following dates as representing epochs in the Bankrupt's affairs:—

1853.

13th October.—About this date the disclosure was made by the bankrupts to Messrs Overend, Gurney, & Co., of the fictitious character of the securities held by them in the form of warrants purporting to represent Spelter, Tin, Copper, and other description of property at Hagen's Wharf.

1854.

27th June.—Cole stopped payment.

1854.

19th August.—Cole became bankrupt.

There are no particular transactions requiring special remark of prior date to the 5th October, 1853, but it will be well to indicate what was the general character and course of the account up to that date, at which point the sale of securities by Messrs Overend, Gurney, and Co., on account of the bankrupt, appears to have commenced.

Thus, prior and up to the 5th of October, 1853, it appears that the bankrupt was in the habit of obtaining loans on the deposit of securities, occasionally redeeming portions of such securities by partial repayments of the cash advances; the transactions went on, gradually increasing the cash balance against the bankrupt up to September, 1852, when it reached the sum of 252,240*l*, from which date it became gradually diminished until the 5th of October, 1853, when it stood at the sum of 195,655*l*. The following list of the monthly balances in favour of Messrs Overend and Co., up to that date, corroborates this statement.

Balance of advances in favour of Messrs Overend, Gurney, & Co., at the close of the several months indicated, thus:—

1851.	£	1852.	£
October	16,070	November	246,990
November	39,490	December	247,000
December	86,350	1853.	
1852.		January	243,500
January	106,050	February	233,800
February	114,790	March	229,580
March	128,910	April	218,280
April	153,520	May	211,380
May	206,680	June	216,255
June	236,980	July	200,555
July	234,320	August	195,655
August	237,220	September	195,655
September	252,240*	October (5th)	195,655
October	246,990		

The accounts current rendered by Messrs Overend, Gurney, and Co., indicate the foregoing balances, as will be seen on reference to the accompanying copy thereof, marked "A."

* The total advances to this date amounted to	£266,030
And the repayments to	13,790
Total	£252,240

Against this balance of 195,655*l*, the securities held by Messrs Overend, Gurney, and Co., both genuine and fictitious, amounted to the nominal sum of 323,230*l*, or thereabouts, according to the following statement:—

ABSTRACT of Securities in hands of Messrs Overend, Gurney, and Co., 5th October, 1853.

Description.	Genuine.		Fictitious.	
	Quantity.	Amount.	Quantity.	Nominal amount. (about.)
		£ s. d.		£ s. d.
Copper Sheets	23 tons }	4,365 8 1	{ 581 tons } sheets & tiles.	79,597 0 0
Copper Tiles -	20 „ }			
Tin - - -	214 „	24,143 4 3	775 tons	90,675 0 0
Tin Plates -	500 boxes	607 17 6		
Tin Plates -	205 cases	1,125 0 0	9,200 boxes	12,420 0 0
Tin Plates }	50 „	250 0 0		
on hand }				
Spelter - -	185 tons	4,021 10 0	2,288 tons	48,048 0 0
Pig Lead - -	152 „	3,049 10 7	1,250 „	30,000 0 0
Swedish Iron }	41 „	732 10 0	231 „	3,927 0 0
and Steel }				
Cochineal -	181 bags	5,198 17 10	114 bags	4,425 0 0
Iron - - -		5,119 4 7		
Rice & Coffee -	„ „	5,525 9 1		
		£54,138 11 11		£ 269,092 0 0
				54,138 11 11
			Total - -	£ 323,230 11 11

The above figures are deduced from particulars furnished by Messrs Overend, Gurney & Co., the amount of the *Genuine* securities being that realised, excepting in the instance of the item of Tin Plates, 50 cases of which are stated to be “on hand,” estimated at 250*l*, and the amount of the *Fictitious* securities being calculated upon the supposed value of the property in April, 1853, when the loans then out-standing were renewed: the statement may be subject to some immaterial modifications arising from some trifling inexactness in respect of quantities, but it may be regarded as substantially correct; so that had the whole of the securities then held by them been genuine, the balance due to Messrs. Overend, Gurney, and Co., on the 5th October, 1853, would have been more than covered, to the extent of the difference between 195,655*l* and 323,230*l*, namely 127,575*l*.

Such was the ostensible position of the account when Messrs. Overend, Gurney, and Co., began the realisation of the securities in their hands on the 5th October, which ultimately produced the actual sum of £54,138 11*s* 11*d* in reduction of the balance of £195,655, leaving them Creditors (ex Interest from the previous 30th

June), in the sum £141,516 8s 1d, and such would have been the *final* state of the account had the transaction which occurred subsequently to the 5th October, 1853 been confined to the sale and realisation of those securities; but such was not the case as we find from an entry in the Bankrupts' cheque-book, that on the 18th November, 1853, Messrs. Overend, Gurney, and Co. received from him "Davidson and Gordon's Promissory Note for £120,000 payable on demand, with interest at 5 per cent per annum, from the 27th October, 1853, has further collateral security for their advances." And we moreover find, that further advances of cash by Messrs. Overend, Gurney, and Co., and further deposits of securities by the Bankrupt, amounting in the whole to a very considerable sum, took place subsequently to the 5th October, 1853, with this result:

1stly.—As to the Promissory Note of Davidson and Gordon; the amount thereof was passed to the credit of the Bankrupt, under date 31st December, 1853, but not being paid, such credit becomes nugatory, and the transaction therefore produces no effect upon the balance of the account.

2ndly.—As to the other transactions of dates subsequent to the 5th October, the effect of them upon the account is to reduce the balance due by the Bankrupt from the before mentioned sum of £141,516 8s 1d to £122,433 14s 10d, the difference between these two sums, viz., £19,082 13s 3d, representing the extent of the benefit accruing to Messrs. Overend, Gurney, and Co., by the continuation of their dealings with the Bankrupt subsequently to the 5th October, 1853; subject nevertheless to the amount of interest that would be applicable to the transactions originating after that date, that is from the respective dates of the several advances, to the time when the securities deposited against them were realised.

This statement of results will be rendered more clear on a consideration of the following figures, which are intended to represent in a summary form the facts above described. Thus:

J. W. COLE,

Dr

To balance of final account rendered by Messrs. Overend, Gurney, and Co., after crediting him with the amount of Davidson and Gordon's Promissory Note for £120,000	£6,530 0 10
To amounts of such Note unpaid	120,000 0 0
	<hr/>
	£126,530 0 10
Subject to the value of 50 Cases of Tinplates on hand estimated at-	250 0 0
	<hr/>

Balance provable by Messrs. Overend and Co., *inclusive*
of the effect on the account of the transactions subse-
quent to the 5th October, 1853 - - - - - £126,280 0 10

To Balance (ex Interest from 30th June) due to Messrs.
Overend, Gurney, and Co., on 5th October, 1853, after
crediting the value of the genuine securities as ascer-
tained by subsequent realisation - - - - - £141,516 8 1

To Interest on the account from 30th June to 31st Decem-
ber, 1853, as charged by Messrs. Overend, Gurney,
and Co. - - - - - 3,846 6 0

Carried forward - - - - - £145,362 14 1

Balance brought forward due by the Bankrupt, *exclusive* of
the effect of transactions since 5th October, 1853, ex-
cepting only to the extent of the Interest applicable to
them, comprised in the above sum £3846 6s - - - - - £145,362 14 1

To Cash and Spelter provided by Messrs. Overend and Co.,
to assist the Bankrupt to deliver 400 tons of Spelter
which had been sold by them on fictitious warrants,
previously to their discovery of the spurious quality of
those documents - - - - - 4,630 3 5

By proceeds of the above 400 tons of Spelter, passed to the
credit of the Bankrupt's account by Messrs. Overend,
Gurney, and Co. - - - - - 8,331 6 7

Difference - - - - - £3,701 3 2

Cr. 3,701 3 2 Dr. 145,362 14 1

To amount of advances made subsequently
to the 5th October, 1853 71,620 0 0

By amount realised by securities lodged
against the same - - 87,001 10 1

Difference - - r - - 15,381 10 1

Total surplus in respect of securities de-
posited and realised since 5th October,
1853, in diminution of the balance due
by the Bankrupt to Messrs. Overend,
Gurney, and Co., at that date - - - - - 19,082 13 3

Balance according to the final account rendered by Messrs

Overend, Gurney, and Co., as previously stated - - £126,280 0 10

We now proceed to explain more particularly the character of the transactions occurring since the 5th October, 1853, as developed by our investigation.

It will be observed that the sum of £19,082 13s 3d, is classed under two heads, viz.:

Result of transactions arising out of sale of 400 tons of

Spelter - - - - - 13,701 3 2

Result of sundry other transactions - - - - - 15,381 10 1

£19,082 13 3

As to the Sale of the 400 Tons of Spelter.

In the "Spelter account" furnished by Messrs. Overend, Gurney, and Co., which purports to set forth the receipts and deliveries of that article by them in account with the Bankrupt, the following items of sale occur to the credit of the latter; it has, however, been stated to us that the warrants purporting to represent this property were used by Messrs. Overend, Gurney, and Co., for Davidson and Gordon, on whose accounts the sales were originally effected, but were afterwards adopted by the Bankrupt:

1853.

October 5—By proceeds 200 Tons - - - - - £4,233 8 10

October 11—By " 100 " - - - - - 2,052 7 3

" " 100 " - - - - - 2,045 10 6

400

£8,331 6 7

After these sales had been effected, and the warrants purporting to represent the property at Hagen's Wharf, handed to the broker, Messrs. Overend, Gurney, and Co., discovered the fraudulent nature of those documents, and that in fact no Spelter existed to meet them: under these circumstances Messrs. Overend, Gurney, and Co., arranged with the Bankrupt, that they would assist in providing him with the means wherewith to procure the Spelter to answer to the warrants, and so to secure delivery being made in accordance with the sale which had been effected.

The following advances were made by Messrs. Overend, Gurney, and Co., in

the pursuance of this arrangement.

1853.

			£	s.	d.
November	1.—To Cash on 68 Tons Spelter*	- - -	927	3	5
"	4.—" " 50 " "	- - -	700	0	0
"	19.—" " 20 " "	- - -	300	0	0
December	5.—" " 80 " "	- - -	1,200	0	0

1854.

February	4.—" " 50 Tons Spelter, cost	-	£1,225		
----------	------------------------------	---	--------	--	--

Less.

Cash paid to Overend, Gurney, and Co., same day

by the Bankrupt - - - 475

750 0 0

February 10.—To Cash 50 Tons Spelter, cost	-	£1,228		
--	---	--------	--	--

Less.

Cash paid to Overend, Gurney, and Co., same day

by the Bankrupt - - - 475

753 0 0

318 Tons

£4,630 3 5

It would appear therefore from the above data, that 318 Tons of Spelter were provided towards effecting the delivery of the 400 Tons sold on false warrants, by which delivery, the credit to the Bankrupt's account of the amount of such sale, namely £8,331 6s 7d, was established at the expense of an outlay on the part of Messrs. Overend, Gurney, and Co., of £4,630 3s 5d; from what source the remaining 82 Tons of Spelter procured in order to make up the full quantity of 400 Tons we have not ascertained.

As to transactions since 5th October, 1853, other than those relating to the 400 Tons of Spelter.

These may be classed under the heads of Copper, Tin, Spelter, Coffee, and Cochineal.

Firstly.—Copper Warrants.

Securities of this character were deposited between 25th

May, and 3rd June, 1854, which realised at various

subsequent dates the sum of - - - £16,085 12 1

* In reference to this item we find, from the "discount account" between Overend, Gurney, and Co., and the bankrupt, that it was not an actual advance of cash, but the balance of an over-due bill in their hands for £2,500 on Hudson, which balance is stated in the discount account to be "against 68 tons of Spelter given up."

Brought over - - - £16,085 12 1

The advances made in respect to these securities amounted to 12,850 0 0

Surplus - - - - - 3,235 12 1

Secondly.—Tin Warrants.

Amount realised from Warrants deposited

on the 14th and 27th May, 1854 - £7,418 4 7

Amount of advances made in respect of
such warrants - - - - -

6,040 0 0

Surplus - - - - - 1,378 4 7

Thirdly.—Spelter Warrants.

Amount realised from warrants deposited

between October 19th, 1853, and June

6th, 1854 - - - - - £42,539 16 4

Amount of advances made in respect of
such warrants - - - - -

35,730 0 0

Surplus - - - - - 6,809 16 4

Fourthly.—Cochineal and Coffee.

Amount realised from warrants transferred

to Messrs. Overend, and Co., by

Sargant and Co., 28th Feb., 1854 - £20,957 17 1

Amount of Advance in respect of such
warrants - - - - -

17,000 0 0

Surplus- - - - - 3,957 17 1

Total Surplus under the above heads - - - - - £15,381 10 1

The accompanying Statement, marked "B," sets forth, in detail, the particulars of the foregoing transactions as classed under the respective heads of Copper, Tin, Spelter, Cochineal, and Coffee.

The following is a summary, in a tabular form, of the entire transactions origi-

nating since 5th October, 1853:—

Description of Goods.	Amount of Advances.	Amount realised.	Surplus operating in reduction of Balance due by the Bankrupt to Overend and Co.
	£ s. d.	£ s. d.	£ s. d.
Spelter (400 tons) - - -	4,630 3 5	8,331 6 7	3,701 3 2
Copper - - - - -	12,850 0 0	16,085 12 1	3,235 12 1
Tin - - - - -	6,040 0 0	7,418 4 7	1,378 4 7
Spelter - - - - -	35,730 0 0	42,539 16 4	6,809 16 4
Cochineal and Coffee - -	17,000 0 0	20,957 17 1	3,957 17 1
Total - - - - -	£76,250 3 5	£95,332 16 8	£19,082 13 3

Included under the head of Spelter, the following item of advance occurs to the debit of the Bankrupt:—

Feb. 4, 1854. To Cash 185 tons Spelter - - - - - £3,960

The warrants for this Spelter formed part of a batch purporting to represent, in the whole, 567 tons of that metal and some 32 tons of Copper deposited by the Bankrupt with Messrs. W. Short and Co. as security for a loan of 10,500*l*, granted to him by that firm, who, however, appear to have obtained the money for that purpose from Messrs. Overend, Gurney, and Co., on deposit with them of the same securities, the whole of which, with the exception of those representing the 185 tons Spelter, were known to be fictitious. The loan, as between Messrs. Short and Co., and Overend, Gurney, and Co., was settled in terms of some order given on the latter by the former, dated 28th January, 1854, the effect of the arrangement between those parties being that the amount of the loan and interest, 10,803*l*, 9*s* 10*d*, was transferred on the 3rd of February, 1854, by Messrs. Overend, Gurney, and Co., to the debit of the Bankrupt, who appears to have satisfied it in the manner indicated in the following account, furnished us by Messrs. Overend, Gurney, and Co., in reply to our inquiries about the matter:—

(Copy)

COLE, BROTHERS.

2nd Month, 3rd, 1854.

1853		£ s. d.	1854		£ s. d.
12 30	Cash	4,000 0 0	1 11	Bill on Hudson, due 27th April	9,950 0 0
1854					
2 3	Interest on ditto at 5 per cent.	19 3 7			
	Discount on ditto at 5 per cent.	113 1 7			
	W. Short and Co.	10,803 9 10	2 3	Advance on 185 tons of Spelter	3,960 0 0
				Bank and Money	1,025 15 0
		£14,935 15 0			£14,935 15 0

By this arrangement, Messrs. Overend and Co., assuming the bill on Hudson to be paid, appear to have secured to themselves the difference between the value of the good securities taken over by them from Short and Co., and their advance of 3,960*l.*, and the debts which they transferred from Short and Co. to the debit of Cole, 10,803*l.* 9*s* 10*d*; and by the same operation to have avoided the necessity of an exposure by Cole to W. Short and Co. of the real quality of the securities on which they had granted him the loan of 10,500*l.*

The question inevitably suggested by a consideration of the facts developed by this investigation is—whether the benefits obtained by Messrs. Overend, Gurney, and Co., in the way of a reduction of the debt due to them by the bankrupt, after he had disclosed the frauds he had practised upon them, are to be regarded in the light of undue preference, which might be recovered by the assignees of the bankrupt? But upon this, as upon any other legal aspect which the case may present, we offer no opinion.

Messrs. Overend, Gurney, and Co. have facilitated the inquiry, by promptly rendering explanations upon all the points arising during the progress of the investigation, on which it has been necessary to apply to them for information.

We remain, Sir,

Yours faithfully,

QUILTER, BALL, and CO.

Wm. Short and Co.

Dear Sir,—Messrs. Overend and Co. have sent to us rather angrily about the loan for 10,500*l.* which they say you have not arranged with them. On this we should like to see you to-morrow.

Gentlemen.—On or before the 31st instant please to deliver to Messrs. Cole, Brothers, the Warrants for 368 Tons Spelter, and 32 Tons Tin and Sheet Copper, deposited with you as Security for loan per 10,500*l.*, against payment by them of that amount to you, with the Interest due thereon.

Wm. Short and Co.

Particulars of Warrants lodged with Messrs. Overend, Gurney, and Co., through Wm. Short and Co., by Messrs. Cole, Brothers, as Security against the

The transactions with Messrs. Short and Co., referred to in the preceding report, is thus stated by that firm in a letter to G. J. Graham, Esq., Official Assignee to the Bankrupt Cole's estate, dated 1, Newman's court, Cornhill, December 29, 1855.

Re J. W. COLE.

Sir,—We have your notes of the 27th and 28th instant. We had no correspondence with the Bankrupt in February, 1854. We wrote him a letter on the 23rd of January in that year, calling his attention to the Loan for 10,500*l.* being overdue, and enclose a copy of that letter, marked A; and we subsequently, on the 28th of that month, gave him an order on Messrs. Overend, Gurney, and Co., for the Warrants, against payment of the Loan by the 31st. We enclose a copy of that order, marked B. We further enclose, marked C, the particulars of the Warrants relating to the Loan that we made to Cole, Brothers, but are unable to furnish the dates, though we may state they came into our possession in August, 1850, and January, 1851.

We are, &c.,

WM. SHORT and Co.

"A."

London, 23rd January, 1854.

Messrs. Cole, Brothers.

Dear Sir,—Messrs. Overend and Co. have sent to us rather angrily about the Loan for 10,500*l.*, which they say you have not arranged with them. On this we should like to see you to-morrow.

Yours faithfully,

WM. SHORT and Co.

"B."

London, 28th January, 1854.

MESSRS. OVEREND, GURNEY, and Co.

Gentlemen,—On or before the 31st instant, please to deliver to Messrs. Cole, Brothers, the Warrants for 566 Tons Spelter, and 32 Tons Tile and Sheet Copper, deposited with you as Security for Loan per 10,500*l.*, against payment by them of that amount to you, with the Interest due thereon.

We are, &c.,

WM. SHORT and Co.

"C."

Particulars of Warrants lodged with Messrs. Overend, Gurney, and Co., through Wm. Short and Co., by Messrs. Cole, Brothers, as Security against the

Loan for 10,500*l*.

Received 7th January, 1851.

	Tons.	cwt.	qrs.	lbs.	Spelter per
Fresh Wharf Warrant for	20	0	0	0	"Antelope," from Hull.
" "	50	0	0	0	"Prince," " "
*Hagen's Wharf "	38	11	2	8	"Secret," " Hambro.
" "	54	4	2	26	"British Queen," " "
" "	25	5	3	26	"Sisters," " Stettin.
" "	75	0	0	0	"Chevy Chase," " Hambro,
" "	37	2	1	14	"Victoria," " "

Received 19th August, 1850.

Fresh Wharf "	19	4	2	12	"Osprey," "
" "	25	0	0	0	"Tanner," "
*Hagen's Wharf "	40	0	0	0	"Star," "
" "	20	6	2	2	"Star," "
Fresh Wharf "	25	6	2	5	"Jasper," "
" "	10	2	1	1	"Ark," "
*Hagen's Wharf "	40	19	2	7	"Tanner," "
Fresh Wharf "	12	2	0	12	"Laurel," "
" "	23	4	1	15	"Gazelle," "
*Hagen's Wharf "	25	5	3	26	"Sisters," "
" "	25	0	0	0	"Jasper." "

506 16 2 14 Spelter.

	Tons.	cwt.	qrs.	lbs.	
*Hagen's Wharf Warrant for	10	0	0	0	Tile Copper.
Fresh Wharf "	22	1	0	11	Sheathing Calls.

* The Hagen's Wharf Warrants all fictitious, but Messrs. Short and Co. were entirely ignorant of the real nature of the securities they held and did transfer to Cole.

B. The first account that Overend and Co. furnished to the Assignees left a balance in their favour of £6,530 0*s* 10*d*. When a second meeting took place they presented the bill for £120,000, and, in consequence, no dividend could at that time be declared.

Received 7th January 1851. Loan for 10,000*l*.

Speller per	Tons	cwt.	qrs.	lbs.	Total
"Antelope," from Hull.	0	0	0	0	0
"Prince," "	0	0	0	0	0
"Secret," "Hampshire."	8	11	2	38	11
"British Queen," "	28	4	2	64	4
"Sisters," "Stettin."	30	3	3	36	3
"Chevy Chase," "Hampshire."	0	0	0	0	0
"Victoria," "	1	14	2	37	2

Addendum to Messrs. Quilter and Ball's report of 21st

November, 1855.

Re COLE.

57, COLEMAN STREET.

5th February, 1856.

WILLIAM MURRAY, Esq.,

DEAR SIR,

Enclosed we hand you a statement showing the particulars of the Bankrupts transactions with Messrs. Overend, Gurney, & Co., by way of advances on Copper, between October, 1853, and the suspension. With reference to the advance of the sum of 8500*l*, we have obtained the following information verbally from the Bankrupt. That this loan was made to him on Saturday the 3rd of June, 1854, for one week, on the deposit of the Copper set forth in the statement, that on the following Saturday he did not re-pay the loan, but offered to pay the amount on the following Monday, June 12th, which Messrs. Overend, Gurney, and Co. refused to receive, and retained and realized the securities which produced (according to the statement) the sum of 10,746*l* 17*s* 1*d*, being in excess of the advance against which they were deposited to the extent of 2246*l* 17*s* 1*d*, which was merged in the general account. But from inquiries we have made, we believe it will be found that this total surplus ultimately has exceeded this result by some 600*l*, or thereabouts, arising from Cole having been credited with 6000*l* which was obtained by Messrs. Overend, Gurney, & Co., on account of a shipment of a portion of the Copper deposited, which shipment ultimately, as we understand from Messrs. Overend, Gurney, and Co., realized on sale about 600*l* beyond

the sum so paid on account of it; so that the benefit to Messrs. Overend, Gurney, and Co., arising from the transactions which originated in the loan of 8500*l* on the 3rd June, amounts to 2850*l* or thereabouts, subject, it may be, to some deduction for interest and charges* How far the refusal to receive back the amount of the loan on the 12th June was warranted in law, we submit to your consideration, but whether legally entitled or not to take that course, it was undoubtedly not in unison with the usual practice observed in such cases, and was, to say the least, rather sharp practice.

We remain, &c.,

QUILTER, BALL, & CO.

* This sum was retained by Messrs. Overend, Gurney, & Co., until the threat of legal proceedings by Cole's Assignees compelled them to give up the amount, as well as to relinquish claims upon the estate to the extent of 126,530*l* 0*s* 10*d*. Mr. Murray, the solicitor to Cole's Assignees, refers to the first-mentioned sum in the following extract of a letter, dated London Street, March 20, 1856, in which he says: "I have this morning exchanged agreements with Messrs. Overend, Gurney, and Co.'s solicitor, received the 3000*l*, and paid the amount into the Bank of England to the credit of the estate."

S. L.

15,650	10,218	0	0	3282	0	0
162	14	6		162	14	6
15,650	10,218	0	0	3282	0	0
15,650	10,218	0	0	3282	0	0

* The shipment of 120 cases realized, we are informed, about 600*l* in addition to the advance of 4000*l*.

Re J. W. COLE.

Memorandum as to COPPER deposited with Overend, Gurney & Co.

		Amount advanced.	Amount realized.	Surplus.
		£	£ s. d.	£ s. d.
1854				
May 25.	120 Cases of Copper - - -	3000	3701 9 5	701 9 5
Aug. 22.	Proceed 40 cases say - -	1288 0 0		
Nov. 7.	Ditto	1149 12 3		
Nov. 17.	Ditto	1218 17 2		
		£3701 9 5		
May 26.	60 cases of Copper - - -	1350	1800 0 0	450 0 0
Oct. 19.	Proceeds 60 cases say -	£1800 0 0		
June 3.	200 Cases, 1567 Tiles and 10 } tons Ingots Copper - - - - }	8500	10,746 17 1	2,246 17 1
Aug. 11.	Proceeds 1567 Tiles	1188 1 0		
Aug. 22.	Proceeds 8 cases	257 15 9		
Oct. 19.	Proceeds 20 cases	600 0 0		
Nov. 17.	Shipment 120 cases advance *	6000 0 0		
Dec. 30.	Proceeds 10 Tons Ingots	1137 12 3		
Dec. 30.	Proceeds 52 cases	1563 6 1		
		£10,746 17 1		
		12,850	16,248 6 6	3298 6 6
	Deduct amount paid for } Wharf and other Charges }		162 14 5	162 14 5
		£12,850	16,085 12 1	3235 12 1

* The shipment of 120 cases realized, we are informed, about 600%, in addition to the advance of 6000%.

QUILTER, BALL & Co.

5th February, 1856.

The following letters explain the entry of 17,000*l*, on the 20th Feb., 1854, in the debtor account of Cole with Messrs. Overend, Gurney, and Co :—

London, 20th February, 1854.

SIRS,

With reference to the advances you have obtained from Messrs. Overend, Gurney, and Co., on our Coffee and Cochineal, we have to request that you will deliver to them the said Coffee and Cochineal on their reimbursing you the advance and interest for our account.

Yours obediently,

COLE, BROTHERS.

Messrs. Sargant and Co.

London, March 3, 1854.

(Copy)

GENTLEMEN,

We beg to acquaint you that, under the authority contained in your letter of 20th ult., addressed to Sargant and Co., they have transferred to us, for your account,

8161 Bags Coffee, and

176 „ Cochineal,

on our crediting them the sum of 17,000*l*, which we have accordingly done, and debit you for the same as cash, 28th ult.

We remain, yours respectfully,

(Signed)

OVEREND, GURNEY, and Co.

Messrs. Cole, Brothers.

N.B.—The goods mentioned in the above letter realized 20,957*l* 17*s* 1*d*, showing that Messrs. Overend, Gurney, and Co. gained 3957*l* 17*s* 1*d* by this transfer.—See Quilter and Ball's Report, page 147.

Re DAVIDSON AND GORDON.

St. Mildred's Court, 27th November, 1855.

DEAR SIR,

In compliance with the request contained in your letter of the 20th inst., we send you a copy of Davidson and Gordon's letters of the 17th October, 1853, respectively addressed to Messrs. Overend, Gurney, and Co., and to Messrs. Gregson and Co. Mr. Chapman's absence from town prevented us from obtaining the copies until this day.

We are, dear Sir,

Yours faithfully,

(Signed)

YOUNG, VALLINGS, and YOUNG.

Messrs. J. and J. H. Linklater and Hackwood.

London, October 17, 1853.

GENTLEMEN,

In compliance with your request of this day, we hereby hand you an order upon Messrs. Gregson and Co. for the payment of any surplus that may arise upon our shipments of copper through that house.

We are, Gentlemen,

Your obedient servants,

(Signed)

DAVIDSON and GORDON.

Messrs. Overend, Gurney, and Co.

London, October 17, 1853.

GENTLEMEN,

We request you will hand over to Messrs. Overend, Gurney, and Co. any surplus that may arise on our copper shipments through your medium, after repaying yourselves the advance.

Your obedient servants,

(Signed)

DAVIDSON and GORDON.

Messrs. Gregson and Co.

AN ADDRESS TO THE CREDITORS OF JOSEPH
WINDLE COLE.

THE proceedings which, upwards of three years ago, were instituted in bankruptcy against Joseph Windle Cole having at length assumed a determinate form with respect to a large and long-debated claim upon that bankrupt's estate, the trade assignee, Mr. Seton Laing (of the firm of Laing and Campbell, 39, Mincing lane), conceives it to be his duty to publish an account of the share he has had in them, as well for the purpose of showing by what motives he was actuated in undertaking the office of assignee, as for that of giving the great body of Cole's creditors an opportunity of learning the means which have been employed to protract the investigation into the bankrupt's affairs.

It would seem to be almost an established rule, in the present state of the commercial law, that the individual who voluntarily comes forward to protect the interests of the public must do so entirely at his own peril; liable to be thwarted, on the one hand, by the officials whose duty is to lend their aid in procuring the punishment of fraud, and exposed, on the other, to the active opposition of those who find a direct advantage in

advocating the cause of crime. Hence the absence of that moral courage in the majority of the mercantile community, which makes them shrink from presenting themselves in the capacity of public prosecutor; and hence the encouragement held out to the unscrupulous to plan and persevere in a course of delinquency.

It has been shown in the pamphlet bearing the title of 'The Great City Frauds of Cole, Davidson, and Gordon,' which was published last year, that the conviction of Joseph Windle Cole at the October Sessions of the Central Criminal Court, in 1854, when he was sentenced to four years' penal servitude for a misdemeanour, in obtaining money under false pretences,—was entirely owing to the exertions of Messrs. Laing and Campbell; and, but for Cole's arrest at their instance, it is no less evident from the statements contained in the same work that, bankrupt though he might still have been declared, his flight from England—for which he was well prepared—would have thrown a nearly insurmountable obstacle in the way of a settlement of his affairs. Had Messrs. Laing and Campbell entered into a dishonourable compromise with Cole, had they not steadily resisted the offer of a large sum of money which was made to them by Cole's solicitor, Mr. Digby, on condition of their delivering up the dock-warrants they held, which his client had forged; the culprit—countenanced by a firm whose code of commercial morality appears to be of the most convenient application,—would have pursued his swindling career unchecked, and have daily added fresh dupes to the numbers he had already deceived.

It was on public grounds, then that Messrs. Laing and Campbell acted when they became mainly instrumental in convicting Cole; and it was upon equally public grounds that Mr. Laing undertook the thankless and arduous office of trade assignee to

the bankrupt's estate. It was open to him, as to all the rest of the creditors, to spare himself the labour and anxiety of watching a case so entangled by difficulty and steeped in fraud as that of the bankrupt Cole: the establishment of the claims of his firm did not, in the slightest degree, depend on the position which he held in relation to the proceedings in bankruptcy; with self-interest he had nothing to do; but that which really influenced him, the motive by which he was solely guided, was his fixed and earnest resolve to see justice done in the administration of the bankrupt's affairs: he was bent upon a thorough investigation, and he determined, as far as it laid in his power, that such an investigation should be made. A supine, a facile, or an ignorant creditor might have been elected to the place which Mr. Laing---acting upon the advice of that lamented and eminent solicitor, the late Mr. James Freshfield, jun.,---consented to occupy; but with what advantage to the rest of the creditors it needs no great exercise of acuteness to discover. Under the supervision of a careless trade assignee the estate would have been wholly at the mercy of Cole's legal advisers, the proceedings indefinitely prolonged, and the dividend,—if ever that hoped-for event occurred,—in all likelihood infinitesimally small.

When Cole for the second time became a bankrupt, in 1854, there were creditors who severally proved to the extent of 33,855*l* 6*s* 9*d*; yet two of the body (who did not then move) were afterwards put forward to oppose the payment of a dividend to Messrs. Laing and Campbell, whose united claim on the bankrupt's estate amounted to the enormous sum of *seventy-nine pounds* odd(!); one of them being the firm of Bailey Brothers, stationers, Royal Exchange, Cornhill, creditors for *twenty-six pounds* odd, and the other, Mr. Sadgrove, a furniture dealer in

Finsbury, a creditor for a trifle more than *fifty-three* !*

The imagination must be active of the man who, looking at the fact that the *joint* claim of these parties was only seventy-five pounds, could for an instant suppose that they, of their own free will and at their own expense, volunteered their services for the benefit of all Cole's creditors; and proof that such was not the case was afforded by Mr. Sadgrove himself, who subsequently admitted that he did not recollect anything at all about the preliminary steps which were taken to oppose the claim of Laing and Campbell, and that it was not until he saw his signature attached to the application to the Commissioner in Bankruptcy that he remembered the circumstances of the case. He then stated, frankly enough, that he believed he was originally applied to by Messrs. Bailey Brothers, who had *guaranteed his expenses*, their own interest in the matter being, as already stated, a paltry claim of five-and-twenty pounds.

If not amongst the creditors themselves, for they dreaded the disallowance of their claim to prove—though in a moment of aberration they screwed up their courage to make the experi-

* The following extract of a letter from Mr. Graham, the official assignee, sets forth the fact above stated.

Re J. W. COLE.

25, Coleman street,

20th July, 1857.

SETON LAING, Esq.

Dear Sir,—William Sadgrove, of Eldon street, Finsbury, upholsterer, a creditor for 53/ 1s 6d, and Alfred and Charles Bailey, of Cornhill, trading under the firm of Bailey Brothers, as stationers, whose debt is 26/ 8s 4d, gave their undertaking, dated 18th June, 1856, to pay any costs that should be awarded against them, occasioned by examining into your debt.

The amount of creditors now proved, is 91,587/ 0s 2d.

Your obedint Servant,

GEORGE J. GRAHAM,

Official Assignee.

ment—there were those having an interest in Cole's transactions not inferior to that of any of his creditors, who saw with dismay the appointment of Mr. Laing to the trade-assigneeship; and the persons thus characterised resolved to leave no stone unturned to mortify and annoy, and by possibility injure the house of which Mr. Laing was the representative. They knew by experience that no quarter or connivance was to be expected from him; the wounds were yet open which he had so searchingly probed; further exposure of themselves was within the range of probability; and personal dislike was so mingled with their apprehension, that it was easy to guess from what quarter the arrow came which was directed against the uncompromising trade assignee.

Previously, however, to the opposition offered to the claim of Laing and Campbell, which has been productive of so much of the delay attendant on winding up Cole's affairs, an attempt had been made by Mr. Sewell,—an attorney who was contending with Mr. Linklater for the appointment of solicitor to the bankrupt's estate,—to prevent the selection of Mr. Laing to the assigneeship.

This subject, together with other matters having reference to Cole's bankruptcy, has already been entered into in Mr. Laing's pamphlet, 'The Great City Frauds,' but as the scope of the present work is mainly to give a complete history of the proceedings in that bankruptcy, it may not be inappropriate to reproduce those passages which bear upon the earlier stages of the inquiry.

Speaking of Mr. Sewell's efforts above alluded to, it is stated at pp. 51-59 :

In the first instance he applied to the sitting Commissioner, Mr. Fonblanque, and stated that as Mr. Laing had instituted criminal proceedings against the bankrupt, he was by that act

disqualified from being an assignee, although Mr. Sewell forgot to state that Mr. Laing had been previously canvassed for his interest on his own behalf.* Failing in this endeavour, he instructed a barrister who frequents the Bankruptcy Court to oppose Messrs. Laing and Campbell in proving their claim, which he had himself previously sanctioned: but this effort proved equally abortive with the former one, and the learned Commissioner having fully expressed his opinion on the matter, the opposition fell to the ground, and the assignees were appointed. They were three in number—Mr. G. Gabain, of St. Michael's alley, merchant; Mr. Seton Laing, of Mincing lane, colonial broker; and Mr. Nicholas Brebart. The official assignee was Mr. Graham, and the solicitor to the trade assignees Mr. Murray, of London street.

* * * * *

The next proceeding was the examination of the bankrupt on the 7th of October, while his trial was pending, and he was brought up from Newgate for that purpose. Mr. Murray, for the assignees, said that Mr. Hulson, the bankrupt's accountant, had gone into his accounts, and was of opinion that an adjournment for two months was necessary. This was agreed to, and at the expiration of that period Cole, whose conviction had taken place in the interim, was again brought up to be examined. No

*Mr. Sewell has since called at Messrs. Laing and Campbell's offices, in consequence of his name having appeared in Mr. Laing's pamphlet—'The Great City Frauds,'—and explained to each of the partners, that his object in opposing their proof of debt was, not from any knowledge on his part of irregularity in the accounts of Messrs Laing and Campbell, of which he admitted that he knew nothing, but because he was anxious to prevent Messrs. Linklater and Co. from getting charge of the estate. So that to gratify a vindictive feeling against a rival, Mr. Sewell did not hesitate to make an unfounded statement against Messrs. Laing and Campbell, thus laying the foundation of the late most unjust and vexatious inquiry.

balance-sheet had, however, been filed, owing to the want of papers and books of account, and the facts elicited resulted from the *viva voce* statements of Cole, under the searching examination of Mr. Murray. They were sufficiently startling.

Here are the *ipsissima verba* of the bankrupt, in so far as they relate to the general character of his dealings :—"I commenced business, under the firm of Cole Brothers, early in 1848. I had no partner. I had been a bankrupt in 1847. I had no capital when I commenced business, except loans from friends. I cannot state the amount of those loans without reference to my papers. I began without any capital, as I have stated. I carried on business under the name or style of Cole Brothers. I never took stock. I did no business that required my taking it. I never exactly ascertained the state of my affairs, but I had an estimate in my own mind. At the end of 1848, or the beginning of 1849, I was rather prosperous. I knew continually the general result of my affairs, though I never exactly ascertained it. In 1853 my affairs were in the most prosperous state of any time during the time I have mentioned. I was in a state of prosperity up to the summer of 1853.* I cannot tell what I owed at the period mentioned. I could ascertain from my papers what I owed in 1853, but there is no one book in which it is to be found. My business was extensive. Its original nature was business to the East Indies—consignments for orders and shipments on my own account. It was very extensive in 1853. The amount of my transactions in 1853 was about 2,000,000*l*. I mean that I was concerned in buying, or selling, or consigning goods to that extent, or very nearly. The principal goods I bought or consigned were tin, copper, spelter, and

* Prosperous enough, no doubt, for he was then busily engaged in passing his false warrants!

iron. The books of account kept by me in 1853 were an invoice-book, bankers' books; no cash book; a banker's cheque-book. There were no other books to register my transactions, excepting a letter-book; but there were various papers containing statements of my affairs. There were assurance-books, but no other books that I remember. I had no ledger—no journal. The banker's cheque-book was made as a rough cash-book. I should have spoiled my operations if I had allowed my clerks to write a journal. My cheque-books will enable me to make out a cash account. All moneys received in the course of my business, from the time I opened my banking account in 1848, went through my bankers to the credit of my account. All the payments I made in the course of my business came from my bankers. When I stopped payment I had no property very material in my possession nor under my control. There were consignments. I think I had then two bills. I must add that there were surpluses of consignments or loans under my control at the time I stopped payment. In Christmas, 1853, I believe I was solvent. I do not consider that I was insolvent when I stopped payment. Upon reflection I entertain no doubt of my solvency in Christmas, 1853. I think I was perfectly solvent on the 5th of June, 1854, in the present year. I took out 1,200*l.* from Glyn's on the 24th of June. I received it myself by cheque. A large portion of it has been applied to the defrayal of legal expenses. I am not prepared to state how much, but nearly all for legal expenses. I appropriated about 1,000*l.* for legal expenses, paying accounts that were owing to solicitors. I paid Kersey and Co., solicitors, 300*l.*; to Mr. Digby, solicitor, a larger amount—altogether, I think, about 600*l.* to Digby. The rest was disbursed in various expenses within a day or two after the 24th, with the exception of the money found on me by Forrester, the officer. Gave securities to creditors in

June, between the 13th and 20th. Sent the creditors in question a cheque for 10,400*l*. The security consisted of four assignments. At that time those creditors made me advances. I sent them down to Liverpool a cheque on Glyn's for 10,400*l*.. That cheque is not in the pass-book, nor on the margin of the cheque-book. The cheque was not paid, but I received it back again as cash advanced to myself. The payment of 320*l*. to Mr. Digby, the solicitor, was not until it was got from Forrester. The securities given up to me by the Liverpool creditors, to whom I sent the cheque for 10,400*l*., were railway iron, bar iron, steel, and spelter. The goods were pledged to them for 10,400*l*.,* but they were of greater value. I had transactions in May with Sill and Mugins, of Liverpool. I obtained in advance for their bills about 25,000*l*.,† upon warrants for metals. They drew upon Cole Brothers. I got the 25,000*l*. It was all paid through Glyn's. I received no account from these parties, and I can't tell whether they sold the securities or not. I do not know precisely how we stand, not having received any account. They gave me up securities as against other securities, I think, early in July, after I stopped payment."

Cole added to the above that he believed he had told the real state of the case, and said, in reply to a question from his own solicitor, that he had "reasonable hopes of being able to go on again in July." Had Mr. Digby's negotiations with Messrs. Laing and Campbell not been thwarted by their firmness and sense of justice, Cole's hope was "reasonable" enough, as in all human probability he would, by that time, have been carrying on the same wide system of fraud by which he had already so greatly prospered. At the close of this examination, the case was adjourned till the 29th December.

* † These warrants were nearly all fictitious.

On that day Mr. Bagley, on the part of the bankrupt, urged an adjournment of two months. This was opposed by Mr. Murray, who said that much of the property had been made away with already, and, unless the bankrupt were put under some terms, the whole of it would be frittered away. The proposed adjournment was, therefore, limited to four weeks, and, on 26th January, 1855, Cole was examined at some length with reference to his transactions with Davidson and Gordon. He stated, amongst other things not relevant to their affairs, that "a month before they absconded, he had received some of their acceptances for about 30,000*l.*, and had endeavoured to negotiate the paper for them. The bills were afterwards given to his clerk to give to Mr. De Russett, and handed to Mr. Digby a security for De Russett's account." Mr. Murray asked, "What! bills for 30,000*l.*" Cole replied: "Oh, they were not worth 300*l.*!"

At the examination which took place on the 23rd of March, it was stated that the bankrupt's accounts, which extended from January 2nd, 1854, to August 14th, of the same year, had been at length filed, and showed the following results:

	Dr.	£
Unsecured Creditors - - - - -	-	40,190
Creditors holding Security - - - - -	-	46,505
Profits - - - - -	-	10,137
Liabilities - - - - -	-	293,253
	Cr.	£
Good Debtors - - - - -	-	55,668
Doubtful Debtors - - - - -	-	36,996
Property - - - - -	-	47,608
Office Expenses - - - - -	-	1,819
Personal ditto - - - - -	-	1,069
Law ditto - - - - -	-	1,271
Charges on Merchandise - - - - -	-	3,795
Interests and Discounts - - - - -	-	9,483
Losses - - - - -	-	136,909
Losses by Bad Debts - - - - -	-	22,954
Alleged Capital at commencement - - - - -	-	£220,692

Mr. Murray said, with respect to the "property," he believed he might write off not less than 40,000*l.* Mr. Graham, the official

assignee, stated that the whole sum realized up to that time was only 6,100*l*.

At the next meeting when business was transacted,—July 14th,—it was announced that an investigation into the accounts filed by the bankrupt, so far as it applied to the dealings and transactions between him and Messrs. Overend, Gurney, and Co., which had been undertaken by Messrs. Quilter and Ball, the accountants, was not yet completed, and an adjournment took place for three months. It was also stated at this meeting, that the amount of fictitious warrants in which Cole had dealt was close upon 346,000*l*.

While these frequent examinations were going on, active steps had been taken to procure the arrest of the absconding bankrupts Davidson and Gordon, who had fled to the Continent in June, 1854, and returned to this country in April, 1855, and subsequently to their return had been examined as well in the Court of Bankruptcy, with reference to their affairs, as at Guildhall on a criminal charge. In the latter proceedings an indictment had been laid against them for conspiracy, in which Cole was included; and on this account when pursuant to previous adjournment, another meeting of Cole's creditors took place on the 31st October, Mr. Murray said that as in all probability the case would be tried at the next Sessions of the Central Criminal Court, it might perhaps create some prejudice against the bankrupt if any investigation took place at that time, in that Court, and the Commissioner therefore adjourned the meeting *sine die*. On this occasion, however, Cole's cash account was furnished, which showed transactions to an enormous extent. In 1852, the payments amounted to 1,531,708*l*. 11*s* 6*d*. In 1853, they were 2,000,744*l*. 0*d* 4*d*, and in 1854, 770,750*l*. 18*s* 6*d*; making a total in two years and a half, of upwards of FOUR MILLIONS, THREE HUNDRED THOUSAND POUNDS!

as a set-off to this enormous sum, Mr. Graham stated in answer to the inquiries of several creditors, that he had about 7000*l.* in hand; but that the assignees were precluded from making a dividend owing to a large claim which had been made against the estate by Messrs. Overend, Gurney, and Co., to the amount of 120,000*l.*, and which was disputed by the assignees.

This claim for 120,000*l.* on the part of Messrs. Overend, Gurney, and Co. (which they were subsequently compelled to relinquish, in addition to 3,000*l.* paid by them to the assignees of Cole's estate),* having had the effect which was probably intended,—namely of preventing the announcement of a dividend in which Messrs. Laing and Campbell would have participated without any objection being raised against their claim,—the next move on the part of those who sought to bar the claim of Messrs. Laing and Campbell was to question the correctness of their accounts, Messrs. Bailey Brothers, and Mr. Sadgrove, being the stalking-horses employed on the occasion. But before the objections which they made are set forth, it will be necessary to go back to the period when the choice of assignees took place, and the proofs of creditors were, for the first time, tendered and admitted.

On the 6th September, 1854, the period referred to,

* 'The Great City Frauds of Cole, Davidson, and Gordon,' p. 153, where appears the following note respecting the 3,000*l.*: "This sum was retained by Messrs. Overend, Gurney, and Co., until the threat of legal proceedings by Cole's assignees compelled them to give up the amount, as well as to relinquish claims upon the estate to the extent of 123,530*l.* 0*s* 10*d.* Mr. Murray, the solicitor to Cole's assignees, refers to the first-mentioned sum in the following extract of a letter, dated London street, March 20, 1856, in which he says: 'I have this morning exchanged agreements with Messrs. Overend, Gurney, and Co.'s solicitor, received the 3,000*l.*, and paid the amount into the Bank of England to the credit of the estate.'"

Messrs. Laing and Campbell's claim was admitted for 11,855/ 18s 2d, but it was never intended by them that this should be considered an absolute claim, but only an account rendered so far as they were able to make it up at that time. That they never thought of presenting it as a complete account, is evident from the fact that several of the items of which it consisted were marked with the word "ABOUT," clearly showing that an approximation to the real amount was all that could then be attempted. A statement that should be perfectly accurate was, besides, impossible, for several parcels of metals, in the hands of Messrs. James and Shakespeare, metal brokers, the proceeds of which were to be reported, remained unsettled at the date when the claim of Messrs. Laing and Campbell was tendered.* Moreover, their account was drawn up on the morning of the 6th September, 1854, under the special instruction of Mr. George, of the firm of Messrs. Linklater and Co., the attorneys to the bankrupt, who inspected their ledger and suggested to them to fill up the blank accounts as nearly as they could.

* The annexed letter from Messrs. James and Shakespeare, confirms this statement.

"London, July 18, 1857.

"MESSRS. LAING and CAMPBELL.

"Gentlemen,—The dates of delivery of some of the metals sold by us, under your instructions, on account of the estate of J. W. Cole, entirely prevented the closing of the accounts until a period subsequent to the 5th September, 1854, as in the following instances:

100 Tons sold for Oct. delivery, Acct. rendered 2nd Oct. 1854.

50 " " " Nov " " " 23rd " "

50 " " " " " " " 27th " "

100 " " " Oct. " " " 31st " "

"We are, Gentlemen,

"Your obedient servants,

"JAMES and SHAKESPEARE."

Between the 6th of September, 1854, and the 23rd of March, 1855, a sufficient interval had elapsed to admit of a more accurate balance being struck, and on the day last named an amended account was sent in, amounting to 7169*l* 19*s* 7*d*, thereby diminishing the charge upon Cole's estate to the extent of 4785*l* 18*s* 7*d*. This amended account was subsequently (in the month of April, 1856) still further reduced by the sum of 295*l* 17*s* 10*d*, in consequence of the discovery of an error in the interest account. The claim finally submitted by Messrs. Laing and Campbell amounted, therefore, to 6874*l* 1*s* 9*d*, which was handed in as a true account; with the exception of one item of 1900*l* on the credit side, dated July 4th, 1854, no account sales of shipment, to which this item refers, having been received by Messrs. Laing and Campbell in April, 1856.

This reduction was eagerly seized upon by the partisans of Cole, as affording a favorable opportunity for questioning the correctness of the general accounts of Messrs. Laing and Campbell, in regard to their transactions with the bankrupt, and the prejudicial reports which were circulated reaching their ears, they at once insisted upon an official inspection of their books. A meeting took place for that purpose at their office in Mincing-lane, which was attended by a partner of the firm of Messrs. Quilter, Ball, and Co., the accountants, by Mr. Graham, the official assignee, by Mr. Seton Laing, and by Mr. Goodburn, the cashier and bookkeeper of Messrs. Laing and Campbell. Before they proceeded to the examination, Mr. Laing stated that every book and document in the possession of his firm,—including their ledger, day-book, contract-book, cash and bankers' pass-books, and their letter-books,—was at the service of the inspectors, expressing a hope, at the same time, that as he had already been subjected to great annoyance by the parties already referred to, the investigation would be final. The ex-

amination was then made: it lasted nearly four hours, and when it was ended the accounts of Messrs. Laing and Campbell were found to be correct in every respect, not a single irregularity was discovered, not a question raised, and the accountant declared himself perfectly satisfied, as will be seen by the following letter from his principals, Messrs. Quilter, Ball, and Co.:

"57, Coleman Street, 14th May, 1856.

"*Re* COLE.

"DEAR SIR,

"We are in receipt of your note of to-day. Agreeably with your request we have written to Mr. Murray on the subject: to the effect that having received from you every facility for the purpose, we, with Mr. Graham, made a full investigation of your accounts as rendered in this matter, with this result, that we were satisfied of the correctness of such account, and that we are of opinion that there exist no grounds for questioning it.

"We remain, Dear Sir, yours faithfully,

"QUILTER, BALL, AND Co.

"Messrs. Laing and Campbell,

"39, Mincing Lane."

Similar testimony to the preceding was subsequently given by Mr. Murray, the attorney to the estate.

It might have been supposed that opinions so conclusive, and coming from so authoritative a source, would at once have removed all doubts as to the correctness of Messrs. Laing and Campbell's account, but such was not the case, as far as regarded the parties who had an immediate interest in harrassing the trade assignee.

The active agent in this matter was Mr. John Jameson, an accountant, who was employed by Cole, and who made it his es-

pecial business to go about circulating statements to the effect that Messrs. Laing and Campbell had not credited Cole's account with money received, besides other irregularities. But to propagate slander was not enough: it was necessary that the libel should wear the colour of truth, and for this purpose it became desirable that amongst the creditors of Cole's estate, persons should be found who were willing to present a petition to the Commissioners in Bankruptcy for a further investigation into the account of Messrs. Laing and Campbell. Messrs. Bailey Brothers, stationers, of Cornhill, and Mr. Sadgrove, furniture dealer in Finsbury, were accordingly selected: the former had been in the habit of supplying Cole with stationery at the time when the forged warrants in which he dealt so extensively were issued; and the latter was—as we have seen by his own admission—entirely passive in the affair. These creditors, then, who made themselves liable for all the expenses of the inquiry,—creditors jointly claiming seventy-five pounds, addressed a series of objections to the Court of Bankruptcy on the 18th of June, 1856, the principal of which were as follows:

Laing and Co's. proof, as filed, is 11,855*l* 18*s* 2*d*, but by Laing and Co's account current, rendered to the official assignee, April, 1856, they now claim a balance of 6874*l* 1*s* 9*d* only, against the bankrupt's estate; so that, in the absence of further opposition, the proof would be expunged as to 4981*l* 16*s* 5*d*, and stand for 6874*l* 1*s* 9*d*.

The opposing creditors contend that this said proof must be expunged, wholly or in part, on the following grounds.

That Laing and Co have omitted to credit the bankrupt, or his estate under the bankruptcy, with the produce of 445 bags cochineal, of the value of 14,685*l*, or thereabouts, which said 445 bags formed part of a total quantity of 1185 bags of cochineal deposited with Laing and Co. by the bankrupt, on the dates under-mentioned, as security for advances made in the months of July and August, 1853.

1853.	Bags.
July 8 - - - - -	76
„ 29 - - - - -	153
„ 30 - - - - -	243
„ „ - - - - -	221
Aug. 6 - - - - -	229
„ 8 - - - - -	95
„ 22 - - - - -	105
„ 27 - - - - -	63
	<hr/>
Total	1185
Credited	740
	<hr/>
Bags to be credited	445

That Laing and Co., before the 20th August, 1854, being the time fixed for repayment of unsatisfied advances, made unauthorised sales of 584 tons of spelter deposited as security for such advances, by which the bankrupt's estate was damaged to the amount of 1840*l* 11*s* 9*d*.

That the two sums of 400*l* 4*s* 3*d*, and 271*l* 6*d* 0*d*, respectively (making together the sum of 671*l* 10*s* 3*d*) at debit side of Laing and Co's. account, marked C, and described as "Loss and Re-sale of Nitrate of Soda," should be struck out, as such re-sale was made without the authority of the bankrupt, and not in his name.

That the two sums of 1065*l* 1*s* 7*d*, and 1034*l* 7*s* 11*d* under date 20th and 30th of June, 1854, respectively, at the debit side of the said account, marked C, and also two sums, making together 1598*l* 5*s* 7*d*, on the credit side of the said account marked C, should be expunged; such amounts respectively representing the sale of coloured cochineal, sold by Laing and Co., without the consent of the bankrupt, express or implied, and not in his name, involving a loss to his estate of 531*l* 3*s* 11*d*.

That Mr. Laing holds, as security, 18 warrants for spelter,* deposited with Laing and Co., by the bankrupt, in respect to, and as security for advances, whilst the proof filed avers that Laing and Co. held no security or satisfaction whatever.

The powers and privileges of the Court of Bankruptcy being unlimited, a refusal to answer questions, or to produce books or papers, subjects the party so refusing to imprisonment. Messrs. Laing and Campbell had, therefore, no alternative but

* These were all false.

compliance with the order which summoned them to produce their books in court, to undergo a second examination,—notwithstanding the severe scrutiny to which they had been exposed by one of the leading accountants of the city, and of an equally experienced attorney, — the Commissioner having granted the application of the petitioning creditors, on the ground of an objection having been raised at the time the debt was proved, this objection consisting in the opposition which was made by Mr. Sewell, as already cited (ante p. 161).

The investigation accordingly took place as decreed. It was conducted for the petitioners by Mr. J. H. Preston, attorney, of Carey Street, Lincoln's Inn, who placed a brief in the hands of Mr. Bagley, a barrister who practices exclusively in the Bankruptcy Court; and Mr. Seton Laing, and his book-keeper, Mr. Goodburn attended, with the whole of the books of the firm of Laing & Campbell, being assisted by Mr. Edward Lawrance, of the firm of Lawrance, Plews, and Boyer; but it is to be noticed that throughout the whole period of the investigation, which lasted from the 20th June, 1856, until the 2nd of July, 1857, neither of the petitioning creditors made their appearance at any one time.* On the other hand, Cole himself was always

*It may be proper to observe here, that in consequence of Mr. Sadgrove becoming a bankrupt, his name as an opposing creditor was withdrawn, and it was found requisite to substitute another. Messrs. Sill and Meugens, of Liverpool, accordingly volunteered to supply Mr. Sadgrove's place. It is difficult to understand what inducement that firm could have had to occupy such a position, after their transactions with Cole, in conjunction with Mr. Smith, the Manager of the Borough Bank of Liverpool. It appears that as far as Messrs. Sill and Meugens and the Borough Bank of Liverpool were concerned, Cole might still have been at large, and have escaped unprosecuted, since they delivered up warrants, which they knew to be fictitious, in exchange for a cargo of sugar producing them about 6000*l*. This cargo of sugar was the subject of an investigation by Messrs. Freshfield and Co., on account of the shippers. It ended in a compromise, the Borough Bank of Liverpool refunding 3,580*l*.

present, and there can be little doubt that, amongst the reasons which induced him to demand the enquiry, was the means it afforded him of evading his well-merited punishment in a felon's gaol, and of seeing his family and friends, under the pretext of assisting the assignees in explaining his accounts. Granting that his presence was necessary for such a purpose, the object sought might have been attained in six months, whereas very nearly three whole years were consumed in an investigation, in the course of which, although he occupied his time in endeavouring to establish false charges against several of his creditors, not a single word escaped his lips to show in what manner he had got rid of the enormous amount of money out of which he had swindled the commercial world. The tenderness of which this unprincipled delinquent was the object, was made still further manifest in the indulgences which he was permitted on the days of his attendance at the Bankruptcy Court; his prison fare being on those occasions exchanged for whatever food he chose to order, together with a plentiful supply of brandy, of which latter he one day permitted himself so ample an allowance that he was in no condition to give attention to the business before the Court, *and the examination was, in consequence, abruptly postponed by Mr. Bagley.**

Although the undoubted right of creditors to have all accounts rigidly examined, where grave suspicion exists, or where

*When it is borne in mind that Mr. J. H. Preston, of Carey Street, the attorney for Cole, is not a man altogether without influence in certain quarters—for, in addition to his professional employment, he holds an appointment in the Treasury as examiner of accounts in criminal cases, and is, moreover, a Parliamentary agent,—it is scarcely straining a supposition too far to imagine that the indulgences granted to his client, such as no prisoner similarly situated was ever before permitted, may be accounted for in some degree by the official influence of Mr. Preston.

the object is to benefit the general estate, cannot for a moment be questioned, yet too strong a protest cannot be made against a system, by far too prevalent at the present day, of sheltering fraudulent insolvents, and of exposing to insult and annoyance those who, like Messrs Laing and Campbell, have taken a fearless and independent position. By what means Cole was enabled to sustain his position and credit has been already shown, but in what manner he still continues to have the command of money and obtain the most influential support, is a problem which yet remains to be solved. The day may not be far distant when a more complete analysis of 'The Great City Frauds' will enlighten the community. In the meantime we proceed with the narrative of the investigation into the accounts of Messrs Laing and Campbell. This investigation, which occupied seven sittings, averaging about four hours at every sitting, was opened on the 20th June, 1856, and was not concluded until the 11th of December in the same year; but elaborate and complete as were Mr. Laing's explanations, and sustained as they were by the unimpeachable evidence of his books (*in which not the slightest error could be detected*), by the authoritative report of Messrs Quilter and Ball, the eminent accountants, and by the unbiassed opinion of Mr. Murray, the attorney to the estate, they were far from silencing the objections of Cole's supporters and advisers.

When Mr. Laing's examination ended, on the 11th December, 1856, Mr. Commissioner Fonblanque declared that the inquiry was closed, and announced his intention of giving judgment after Christmas. This intention, however, was negatived by the proceedings which were instituted on the part of the bankrupt. Resolved to insist upon deductions from Messrs. Laing and Campbell's account, Cole's attorney, Mr. J. H. Preston, intimated to the official assignee that he intended to prepare a statement in which those deduc-

tions should be set forth. Called upon to send in that statement, Mr. Preston wrote to Mr. Graham on the 13th January, 1857, to account for his having delayed to prepare it, and made this letter the vehicle of a fresh charge against Messrs Laing and Campbell.

"It has been pressed upon me" he says, "to produce evidence to show that Mr. Laing had deposited with him by the bankrupt a quantity of cochineal amounting in value to several thousand of pounds, which he has not accounted for, and I have been in doubt whether the statement should not be deferred till that evidence has been given. The accounts, however, are of so voluminous and intricate a nature, that I fear some time must necessarily elapse before I shall be in a position properly to enter upon the investigation. I must, therefore, in the course of this week prepare the statement referred to by you, and add some reasons which will induce the Commissioners to permit me to examine my witnesses."

A copy of this letter having been forwarded to Messrs Laing and Campbell, Mr. Laing immediately wrote to his solicitor, Mr. Lawrance, indignantly repelling the charge. "Mr. Preston's statement," said Mr. Laing, "is utterly false. Laing and Campbell hold no securities, neither have they disposed of any without the transactions appearing in their books, in the name of the bankrupt, and for which he has been credited."

Mr. Preston and his client were too persistent to be deterred from making their unfounded charge, by regularly kept books, or the sworn statements of honest men: they had, it is true, no books of their own to produce, no vouchers of any description whereby to verify their assertions, but, to the convict Cole, the preparation of a counter-affidavit was "as easy as lying," and the allegation made in Mr. Preston's letter of the 13th of January, 1857, being persevered in, the Commissioner in Bankruptcy acceded to his demand, and the investigation was reopened. At the expiration of rather more than four months from the date of Mr. Preston's letter, Cole's affidavit, sworn at the Millbank Prison on the 20th of May, 1857, was produced.

It would appear that the whole of Cole's time since his conviction has been occupied in examining his papers, making affidavits, &c., a convenient and pleasurable substitute for the labour and imprisonment imposed upon criminals.

Cole's affidavit was a very remarkable document, and might well have proceeded from the man who had been convicted of uttering forged warrants, being filled with the falsest statements, and the most reckless assertions. It would simply weary the reader to reproduce in detail the contents of this affidavit, which evidently produced no effect on the mind of Mr. Commissioner Fonblanque, who, at the close of the arguments of the bankrupt's counsel, observed as follows :

"The material point on which the first part of this case must turn, is this :—on the one side there are books regularly kept, openly kept books, in which, if there were falsifications, all the clerks in the establishment must have been privy to them. There is no mode of accounting for the fraud imputed, but to suppose this—that Mr. Laing took the warrants, put them in his pocket, never allowed them to go into the accounts, and that he has some way or other, since then, sold this cochineal. **ALL THIS I CANNOT BELIEVE.** Further, from the mode in which Mr. Laing has given his evidence, corroborated by his book-keeper at his side, I cannot believe that there is any wilful mis-statement. On the other hand, the bankrupt, who is the principal party in giving this information, stands in this position—that while those who adopt the bankrupt's account impute to Laing and Campbell (I must observe not Laing only, but there must be a partner in the fraud), they did not keep proper books, and did not keep lists of this property,—What has the bankrupt? *Where are his books? Where are his vouchers? Where are his documents? Where is even the proof that he ever had these things to deposit to this extent? Where did he get them? There must have been other transactions at the*

same period with other persons, by which these goods might have been accounted for."

That the value of Cole's affidavit may not, however, be made to rest upon the statement which characterises it as false and reckless, but that its quality may speak for itself, the following extract is given *verbatim* :

"I say that, on a careful retrospect of my accounts, and of the causes which have entailed such losses on my estate, *I am still of opinion I was quite solvent in June, 1854*, and that I had then a share of valuable metal monopoly, which has been lost to my estate, and was also about getting from the excise a crown title to the plant of the West Ham Distillery, of which I was in possession, which would have left me with a surplus of some amount *after paying all my just debts*. I say, I deny the truth of Mr. Laing's assertion of 25th November, 1856, as to frauds being afterwards exposed, and *I deny his right to call those transactions frauds, which verdicts of juries have declared not to be so, with the full particulars of which charges I was never even furnished, nor had any opportunity of disproving*. And although I am under criminal sentence for obtaining 10,000*l.* from Laing and Co., on 29th July, 1853, by false pretences, I swear I am not guilty of that offence, as Laing and Co.'s own accounts,* in possession of the official assignee, show,

* What thought the jury before whom Cole was tried on the 25th October, 1853? what said the judge in passing sentence? and where was Cole's avowal of innocence when sentenced? Here is an extract of the trial bearing upon these points :

"The jury, *without retiring*, deliberated in their box *for a few moments only*, and then returned a verdict of GUILTY.

"Mr. BODKIN said there were *several other indictments against the prisoner for similar transactions*, but it was considered that the purposes of justice would be sufficiently answered by the present conviction.

"Sentence was deferred till the following day, when the prisoner Cole was brought up.

and that I was convicted from the want of those accounts with which to defend myself, and from the false swearing of Mr.

“The CHIEF BARON, addressing him, said—Prisoner at the bar, you have been tried and convicted for misdemeanour, for obtaining money under false pretences. The false pretence consisted in presenting, as a valid security for goods, warrants signed by a person named Maltby, purporting that goods were in his warehouse, when it turned out that no such goods at any time were there, but goods of that description were in a neighbouring warehouse, which it seems very clearly were pointed out to the clerk of the person who advanced the money. Upon the faith of those securities you obtained the sum of 10,000*l.*, and from the result it appears that by this false pretence you obtained that money, and the jury have found you guilty of using that security with a perfect knowledge that it was altogether worthless. *I entirely agree with the verdict of the jury.* I think from the facts which came out in evidence it is quite clear that you had a guilty knowledge of the security not being worth anything. I don’t think it material to inquire whether this is one of many other instances in which the same sort of conduct may have been adopted, and the same crime committed. There may be some reason for believing that this is not a solitary instance, from part of the evidence adduced. This, however, I do not deem it necessary to inquire into, nor do I think it material to inquire whether you intended ultimately to repay the money, and adopted this fraud merely to get over a present difficulty. The offence is that of obtaining a very large sum of money upon the faith of a security which was substantially a forgery, professing to represent goods which did not exist on the spot, and under the circumstances which the document represented they did exist. *I can conceive few offences of a dishonest character more dangerous to the community in which we live than that of which you have been found guilty.* Comparing your offence with the dishonest acts of many thousands who have poverty and want, bad education, and worse example, as possibly some extenuation for their offences, *it appears to me that the offence of which you have been found guilty is among the worst that can be brought under the notice of a Court, the character of which offence is dishonest as between man and man.* You have apparently been involved in transactions to a very large amount; but I can receive that as furnishing no pretence for saying that this by any possibility could have occurred through neglect and carelessness. It may have been either from a love of wealth, or a desire to become rich. You may have adopted this method of raising money when you had no legitimate means upon which to ask for credit in order to get over a present difficulty, but in whatever way the transaction began, *it appears to me that your offence against society is one of the most dangerous, and one of the most criminal, that can be committed under circumstances of this sort.* Upon these considerations, passing sentences of severity upon persons who commit crimes, in my opinion, far less dangerous, and

Laing, his clerk Mr. Goodburn, and others, as well as partially from the exaggerated form in which the charges were brought against me. Laing and Co. have indicted me for gross amounts to 108,000*l.*, which were all read over before the jury who tried me. And I say, as to Mr. Laing's assertion 24th July, 1856, that certain warrants were fictitious because the goods referred to in them had no existence on the wharf, that *such warrants do not imply that the goods are lying on the particular wharf, but simply that they are under the control of the wharfingers, from whose usual place of business the warrants are dated.* And I say, further, that Mr. Laing is altogether in error, and jumping to unjust conclusions from erroneous information as to what the wharf consisted of, and as to its not being licensed; and I swear that, whenever I am allowed the opportunity, I can disprove Mr. Laing's assertions, and show, by official evidence, *that the whole of that wharf was licensed, and the wharfingers were enabled to, and did act extensively under such licence."*

In refutation of all the special pleading contained in the preceding extract it is only necessary to refer to the pamphlet of "The Great City Frauds of Cole, Davidson, and Gordon;" but to disprove the impudent assertion which Cole makes respecting his solvency in June, 1854, something more may be desirable,—and that "something more", is supplied in the Chancery Affidavit

far less criminal, *it is impossible for me not to proceed to the utmost limit of punishment which I have by the power of the law the means of inflicting upon your offence,* so that your example may deter others from committing similar offences, and that it may not be supposed that the magnitude of a man's transactions is to exempt him from a severe punishment, if he is guilty of that sort of disregard of the property of others which would bring persons in different circumstances to condign punishment. The Sentence of the Court is, that you be detained in Penal Servitude for the space of Four Years.

"The Prisoner attempted no remarks to the Court, and was then removed from the Dock."

of William Bois, the confidential clerk of Messrs. Overend, Gurney, and Co., to whom, on the 13th October, 1853, *eight months before the period named by him*, Cole made a full avowal of his hopeless insolvency, *at the same time making them fully aware of the fact that warrants for metals to the value of two hundred and sixty-nine thousand pounds and upwards, purporting to be in existence at Hagen's wharf, were altogether valueless and fictitious.*

Yet, notwithstanding Cole's complete avowal, Messrs. Overend, Gurney, and Co. continue to foster this great criminal, by making him very considerable advances, in the shape of loans and discounts, *for a period of nine months* (from October, 1853 to the end of June, 1854) *after his frauds were known to them*, materially reducing their claim upon Cole by the concealment of this knowledge.

Here follows the affidavit: whom it damages most it is difficult to say.

BOURNE v. GRAHAM.

AFFIDAVIT OF WILLIAM BOIS, CLERK OF MESSRS. OVEREND, GURNEY, AND CO., OBTAINED FROM THE RECORD OFFICE, CHANCERY LANE.

In Chancery.

Filed 31st May, 1856.

BETWEEN Timothy Bourne and Fletcher Rogers,
Plaintiffs.

Gorge John Graham, George Gabain (out of the Jurisdiction of this Court), Seton Laing, and Nicholas Brebart, and Robert Dirom, Thomas Forsyth Gray, and Charles Ryder, since dismissed - *Defendants.*

I, William Bois, of Lombard street, in the City of London, Clerk to Messrs. Overend, Gurney, and Co., of Lombard street aforesaid, money dealers, make oath and say :

1. That Joseph Windle Cole (in the Plaintiffs' Bills named), late of Birchin lane, in the City of London, merchant, a bankrupt, who traded under the name, style, or firm of Cole Brothers, had extensive dealings with the said firm of Overend, Gurney, and Company, previous to and during the year one thousand eight hundred and fifty-three.
2. That the nature of such dealings consisted of loans and advances made by the said firm of Overend, Gurney, and Co., against wharfingers and dock warrants and documents of a similar character, which purported to represent metals, and other merchandize of great value.
3. That on or about the thirteenth day October, one thousand eight hundred and fifty-three, the said firm of Overend, Gurney, and Co. held wharfingers' and dock warrants, purporting to represent spelter, tin, copper, Swedish iron, lead, tin plates, and cochineal, lying at Hagen's Sufferance Wharf, Dockhead, in the county of Surrey, and at various other places, to the gross value of three hundred and twenty-three thousand two hundred and thirty pounds and upwards; and the said firm of Overend, Gurney and Co. were under advances to the said firm of Cole Brothers against such warrants to the amount of one hundred and ninety-five thousand six hundred and fifty-five pounds, and upwards; such warrants were deposited by or on behalf of the said Joseph Windle Cole, and a large portion of the same, namely, to the value of two hundred and sixty-nine thousand pounds, and upwards, were issued by a Mr. William Maltby, who then represented himself as carrying on the business of a wharfinger at the said wharf, under the trading firm of Maltby and Co.
4. That in a conversation which took place at the house of

business of the said Messrs. Overend, Gurney, and Co. in Lombard street aforesaid, on the thirteenth day of October aforesaid, in my presence and hearing, between Mr. David Barclay Chapman, a member of the said firm of Overend, Gurney, and Co., and the said Joseph Windle Cole, the said Joseph Windle Cole admitted, as the fact was, that the said warrants issued by the said trading firm of Maltby and Co. were valueless, the goods which they purported to represent not being at the said wharf; and upon the said David Barclay Chapman requesting to know how the balance due to his said firm was to be liquidated, he was informed by the said Joseph Windle Cole that he was unable to meet the liability he was under to the said firm of Overend, Gurney, and Co., and he never did discharge the balance so due to the last-mentioned firm, and at the date of the bankruptcy of the said Joseph Windle Cole, a sum of one hundred and twenty-six thousand two hundred and eighty pounds, and upwards, remained due to the last-mentioned firm, on account aforesaid, and for which last-mentioned sum the said firm of Overend, Gurney, and Co. had no security or satisfaction whatever, save and except a promissory note, dated twenty-seventh day of October, one thousand eight hundred and fifty-three, drawn by the firm of Davidson and Gordon, payable on demand to the order of Cole Brothers, for the sum of one hundred and twenty thousand pounds, and by the said Joseph Windle Cole, in his trading firm of Cole Brothers, endorsed.

5. That on the the said thirteenth day of October the said firm of Overend, Gurney, and Co. held numerous similar warrants issued from Hagen's Wharf, and signed as aforesaid by the said William Maltby, deposited with them by the said Messrs. Davidson and Gordon, who were largely

mixed up in business with the said Joseph Windle Cole, and which last-mentioned warrants purported to represent goods at Hagen's Wharf to the value of one hundred and four thousand pounds and upwards, and at the interview aforesaid the said Joseph Windle Cole admitted, in my presence and hearing, and in the presence and hearing, of Cosmo William Gordon, of the said firm of Davidson and Gordon, and such admission was assented to by him, that such warrants so deposited by his said firm were valueless, the goods represented in such warrants not being at the said wharf, and there was due to the said firm of Overend, Gurney and Co., on the seventeenth day of June, one thousand eight hundred and fifty-four, when the said Messrs. Davidson and Gordon stopped payment for the sum of eighty thousand pounds and upwards, and no portion of such balance has ever been repaid.

(Signed) WILLIAM BOIS,

Sworn at No. 1, Frederick's Place, Old Jewry, in
the City of London, this 21st day of May, 1856,

Before me,

(Signed) CHARLES LAVIE,

A London Commissioner to administer Oaths in
Chancery.

It was not until the 29th of June, 1857, that Mr. Bagley, the counsel for the bankrupt Cole, addressed the Commissioner in Bankruptcy on behalf of the opposing creditors. If its value had been estimated by its length, there is no doubt that Mr. Bagley's address would have earned the highest praise; but although it occupied in transcription very nearly sixty folios (irrespective of documents cited), and took at least five hours to deliver, so little had been said to the purpose, there had been so much assertion and re-assertion, so much tautology and irrelevant argument, and such an utter absence of proof, that when the learned

counsel had at last brought his speech to a close, Mr. Commissioner Fonblanque felt himself under the necessity of asking Mr. Bagley if it would be practicable to state his heads of objections *shortly*?

The result of this question was the preparation, in a few minutes, of the objections which appear at pp. 172, 173, 174, of this work, but for which, far greater clearness and the readier comprehension of Mr. Lawrance's reply on the part of Mr. Laing, and the rejoinder of Mr. Bagley, are here produced, together with a summary of the learned counsel's address.

Laing and Co.'s proof, as filed is 11,855*l* 18*s* 2*d*, but by Laing and Co.'s account current, rendered to the official assignee, April, 1856, they now claim a balance of 6,874*l* 1*s* 9*d* only, against the bankrupt's estate; so that in the absence of further opposition, the proof would be expunged as to 4,981*l* 16*s* 5*d*, and stand for £6,874*l* 1*s* 9*d*.

The opposing creditors contend that this said proof must be expunged, wholly or in part, on the following grounds.

That Laing and Co. have omitted to credit the bankrupt, or his estate under the bankruptcy, with the produce of 445 bags of cochineal, of the value of 14,685*l*, or thereabouts, which said 445 bags formed part of a total quantity of 1,185 bags of cochineal deposited with Laing and Co. by the bankrupt, on the dates undermentioned, as security for advances made in the months of July and August, 1853.

1853.	Bags.
July 8	76
" 29	153
" 30	243
July 30	221
Aug. 6	229
" 8	95
" 22	105
" 27	63
Total	1,185
Credited	740

Bags to be credited 445

That Laing and Co., before the 20th August, 1854, being the time fixed for repayment of unsatisfied advances, made unauthorised sales of 584 tons of spelter, deposited as security for such advances, by which the bankrupt's estate was damnified to the amount of 1,840*l* 11*s* 9*d*.

That the two sums of 400*l* 4*s* 3*d*, and 271*l* 6*s* 0*d*, respectively (making together the sum of 671*l* 10*s* 3*d*) at debit side of Laing and Co.'s account, marked C, and described as "Loss on Re-sale of Nitrate of Soda," should be struck out, as such re-sale was made without the authority of the bankrupt, and not in his name.

That the two sums of 1,065*l* 1*s* 7*d*, and 1,064*l* 17*s* 11*d*, under date 20th and 30th of June, 1854 respectively, at the debit side of the said account, marked C, and also two sums, making together 1,598*l* 5*s* 7*d*, on the credit side of the said account marked C, should be expunged: such amounts respectively representing the sale of coloured cochineal, sold by Laing and Co., without the consent of the bankrupt, express or implied, and not in his name, and involving a loss to his estate of 531*l* 3*s* 11*d*.

That Mr. Laing holds as security 18 warrants for spelter,* deposited with Laing and Co., by the bankrupt, in respect to, and as security for advances, whilst the proof filed avers that Laing and Co. held no security or satisfaction whatever.

Mr. Bagley, after noticing the reduced amount of Messrs. Laing and Campbell's claim on the estate of the bankrupt, began by submitting that the proof so made should be expunged altogether, or if a proof for a certain amount should be allowed to be placed on the proceedings, that the dividend should be stayed until the amount was explained. He then referred to the general nature of the transactions of Cole and Mr. Laing, as between merchant and broker, and coming to the subject of loans, entered largely into the loan of 54,000*l*, from whence arose the circumstances which eventually created the claim of Messrs. Laing and Campbell.

Having described the nature of the goods deposited as security for the money advanced, viz.: that they consisted of three kinds, spelter, tin, and cochineal, Mr. Bagley proceeded to question the alleged value of the cochineal deposited, on the ground that Mr. Laing had stated in his examination that he was unable to state how much of that article had been handed

* These were all false.

over to him upon any particular advance. This point, indeed, was Cole's *cheval de bataille*, as in bringing it forward he relied upon the fact, admitted by Mr. Laing, and recognised as the constant practice of the brokers of London, that the deposit notes and lists, which did or should accompany the goods, were, as a general rule, not kept. The inference deduced by Mr. Bagley consequently was, that a much larger amount of Cole's property was deposited than credit had been given for, and the learned counsel even argued that, because Cole kept no books of any kind, this inference was the more probable. A specific statement followed;—to the effect that, instead of the 803 bags of cochineal accounted for by Mr. Laing, there was a further quantity of 153 bags which remained unaccounted for or 956 bags altogether instead of the 803, divided to several parts of 740 and 63. Upon this theme Mr. Bagley argued at excessive length, supporting his argument by interminably involved and constantly contradicted calculations, settling at last, however, to the conclusion that a sum of 6000*l* remained to be placed to Cole's credit. When the cochineal was finally disposed of, Mr. Bagley brought forward the question of the spelter deposited by Cole with Mr. Laing, which spelter the latter sold without the authority of Cole, while a transaction respecting a fresh loan was still pending.* Mr. Bagley next harped upon the theme of the reduced claim, overlooking the fact that Mr. Laing had stated, in the outset, that the first claim put in by his firm was only an approximate and not a positive account. Mr. Bagley then went into the subject of the re-sale of the nitrate of soda, contending that Mr. Laing had no right to debit

* The real nature of the securities deposited by Cole with Messrs. Laing and Campbell, in reference to the loan of £54,000, is explained by the following statement, which was handed in during Mr. Laing's examination:

On the whole of the sales of the cochineal there was a surplus beyond the

Cole with the loss arising from it. The sale of coloured cochineal came next, and Mr. Bagley said that the question which arose was whether the loss on this sale ought to be credited to the bankrupt, or whether Messrs. Laing and Campbell ought not to take it on themselves. Mr. Bagley urged the last-named consequence.

At the next meeting of the Court, on the 2nd of July, 1857, Mr. Lawrence addressed the Commissioner on the part of

amount on that security. The amount of spelter, taken at £15 per ton, will come out about £27,000, supposing all to be genuine.

			£	s.	d.
The tin was originally	-	-	110 tons	27,000	
Less given to Cole	-	-	57 "		
			<hr/>		
Leaving	-	-	53 "	at 85l	4,500
					<hr/>
					31,500
Leaving to be accounted for by cochineal	-	-			22,500
					<hr/>
					54,000
					<hr/>

The cochineal actually realised as per Exhibit "E," in gross	-	-	-	-	-	-	-	-	25,772	1	11
To which is to be added 60 bags cochineal shipped at St. Petersburg	-	-	-	-	-	-	-	-	1,800	0	0
									<hr/>		
Gross	-	-	-	-	-	-	-	-	£27,572	1	11
									<hr/>		

Leaving a surplus of the cochineal of about 5,000l gross

The net amount of the cochineal as per Exhibit "E." £24,492 1 11
After deducting charges, discount and commission.

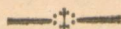
This last sum does not include the 1,800l above specified, but if this were included it would make a surplus of about 4,000l on the cochineal.

And we had given the bankrupt credit for the above surplus, as exhibited in the account marked "E." As to the 60 bags cochineal, they were sold, and did not realise the amount advanced on them by 27l 6s 9d, which is debited to the bankrupt in the account of 24th June, 1854.

The 1,900l referred to at p. 170 was included in the final account rendered by Laing and Campbell, as well as the 1,800l mentioned above.

Messrs. Laing and Campbell; Mr. Murray gave evidence as to the perfect correctness of Messrs Laing and Campbell's accounts; Mr. Bagley replied in detail; and finally Mr. Commissioner Fonblanque expressed the opinions which have been already cited (ante, p. 178), reserving his judgment on the question of costs until a future period, after he should have accomplished the arduous task of examining the very voluminous accounts which had been laid before him.

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OPINIONS OF THE PRESS.

IN illustration of the statement which appears in the Preface to the Third Edition of Mr. Seton Laing's Pamphlet, the following opinions of the Press, together with a correspondence arising out of the remarks made by the *Times* upon the line of conduct adopted by Mr. Charles Pearson, the City Solicitor, are published.

THE GREAT CITY FRAUDS.

(From the *Times* City Article of June 10th, 1856.)

Mr. Seton Laing, whose firm of Laing and Campbell sustained a heavy loss from the delinquencies of Joseph Windle Cole and Davidson and Gordon, has discharged a duty to the mercantile community by publishing a history of the entire case. As assignee to Cole's estate he had opportunities of unravelling many circumstances that would never otherwise have been exposed and the narrative now given will engage the attention of every commercial reader, not only by the magnitude of the amounts involved—the total of the fictitious warrants circulated by the three bankrupts having been 518,600*l*—but also as regards Davidson and Gordon, by the remarkable interest of the incidents connected with their flight and capture. But for the determination of Messrs. Laing and Campbell, and of Mr. J. R. Beard, of Manchester, who had likewise been defrauded of a large amount, the whole affair would not only have been hushed up, but there would have been every probability of these criminals again, in the course of a few years, figuring as the

heroes of some new system of financial villany. From the first moment of detection down to their recent trial at the Central Criminal Court, the effort on almost all sides appears to have been to screen them, and the disregard of labour, danger and expense with which Mr. Beard tracked them, in the face of all the obstacles thrown in his way, presents a singular instance of indomitable perseverance. The inertness of the Mansion-house officers, the venality of the Belgian and Swiss police, the apathetic haughtiness of the British functionaries at Naples, the ultimate straining of judicial scruples on every technical plea, and, finally, the resolution of the City Solicitor not to carry forward an independent prosecution, constituted a series of advantages for the culprits such as, if foreseen, might have deterred any one at the outset from attempting to bring them to justice. Lord Clarendon, however, and Sir Peter Laurie appear to have been exceptions, and to have strenuously desired to assist the creditors as much as possible. A main object of Mr. Laing's work is to put upon record the position occupied throughout the affair by Messrs. Overend, Gurney, and Co. That it is one which admits of no justification the public are already aware. Upon that point the Recorder, the City Solicitor, and the examining magistrate appear all to coincide, and, if less has been publicly said about it than was deserved, the reason may be found partly in consideration of the peculiar circumstances which prevailed in the Money market when the lapse occurred, partly from the knowledge of the penalty already paid for it in the loss of 120,000*l.*, and partly from the universal respect and even affection created by the beneficent life of the senior partner of the house—a life which terminated last Thursday, the very day of the issue of the present work. It is, moreover, to be remarked that the habitual tone of the commercial public towards all great insolvents is such as to encourage the most deplorable laxity. The instant a failure is announced, provided it be of sufficient magnitude, all the creditors are anxious to put the best colour upon it, and when the surplus which is at first invariably predicted dwindles to a compromise of a few shillings in the pound, all the sympathy is still with the broken speculator, even though it may have been demonstrated that he has been living for years upon the money of other people. If a banker be among the creditors, he is only too happy to be allowed quietly to write off the loss and hear no more of it. But for the universal prevalence of this feeling no person of any position would have dared to take the step adopted by some of the leading houses of Liverpool at the time of the failure of Mr. Oliver, when they absolutely denounced, by a placard on 'Change, the warning given to the public as to the true state of his affairs, with which they themselves must at the time have been perfectly acquainted. Neither would either any respectable barrister or solicitor have promulgated such statements as those reported on Friday in the Vice-Chancellor's Court—namely, that the conduct of the directors of the Cheltenham and Gloucestershire Joint-Stock Bank, in declaring a dividend out of pretended profits, when they had reason to apprehend the whole capital of the Bank had been swept away, was most wise and judicious. The punishment of Sir John Paul, who betrayed

himself through a want of legal acuteness, is looked upon as a great vindication of the determination of society in such matters, but, if society will tolerate a state of the law which gives perfect impunity, as in the case of the Westminster Improvement Commission, the Aberdeen Bank, and a multitude of other instances, to those who are shrewd and wealthy enough to avail themselves of its anomalies, they must take their own share of blame, not only for the actual offences thus stimulated, but also for the general decline of that scrupulousness and mutual good faith which has been the characteristic of English men of business.

(From the Economist of June 7, 1856.)

The great City Frauds of Cole, Davidson, and Gordon have been very fully and ably exposed by Seton Laing, Esq., assignee to Cole's estate, in a book just published by him, and sold by Mann Nephews, Cornhill. In order to make the designs of Mr. Cole and his coadjutors clear, a plan is given of the small wharf occupied by him, called Hagen's wharf, interposed between two bonded warehouses, which Mr. Cole seems to have designedly acquired for his long-concocted frauds. The book is full of painful interest, and, if it did not at every page reflect so much discredit on all the parties concerned in the frauds, and through them on the general community of which they were for the time distinguished members, it might be read with as much pleasure as a romance. We laid an outline of these cases before our readers when they became known, and when the trials of Messrs. Cole, Davidson, and Gordon took place, and now we have all the particulars of the whole frauds in Mr. Laing's book. They are ably described, and, as there is scarcely a man interested in the commerce of our great metropolis who will not read the book, for us to enter into the details would be superfluous. More remarkable frauds were, perhaps, never designed nor perpetrated, and the exposure now, by putting honest men completely on their guard, is likely to do quite as much service to the public as the trial and punishment of the offenders.

(From the Illustrated London News of June 22, 1856.)

It is no vainglorious boast that London is the commercial centre of the world, and it may be asserted with honest pride that the character of the British merchant is respected in every foreign mart of trade. Fidelity to engagements has earned for our country these enviable distinctions: and we are as much indebted to mer-

cantile probity and integrity for our colossal wealth as to our industrial resources and the skill of our artisans. When, therefore, individuals are detected in acts of organised swindling the whole community takes alarm, each member feeling himself more or less compromised where the national honour is outraged; hence the general indignation so loudly expressed against Fauntleroy and Rowland Stephenson, and recently against Paul, Strahan, and Co. and John Sadlier. However humiliating the confession, it must be acknowledged that the standard of mercantile morality has declined of late years. Our ancestors acquired wealth by patient industry and prudent habits in life; their private households were conducted with a modest economy; no outward display was ever made for the gratification of pride or the purposes of deception: in modern times the gradual accumulation of fortune which arises from living within in one's income is considered a slow and dull process; the trader is too eager to affect the air and style of Belgravia, and too often wins a false credit by a sumptuous ostentation. Of this eagerness to arrive suddenly at enormous wealth the exposure of the "Great City Frauds," by Mr. Seton Laing, affords most lamentable evidence, as well as of the reckless desperation with which the golden prize is sought to be clutched. A brief sketch of the career of Joseph Windle Cole will astonish the prudent, and may prove a warning to the rashly speculative.

The firm of Johnson, Cole, and Co. failed in November, 1847. Their total liabilities amounted to 153,000*l.*, and their nominal assets were stated at 71,800*l.* It was at first intended to wind up their affairs under inspection; but, the deed of inspection breaking through, they were subsequently adjudged bankrupts, and according to "Evan's Commercial Crisis," the estate was expected to realise about fourpence in the pound. In March, 1848, Cole began the world again, establishing the firm of Cole Brothers; but the brothers appear to have been myths, or, if they had any real existence, they were merely clerks. Cole admitted, when examined in the Bankruptcy Court, that he had no partner, and commenced business without capital except loans from friends; but the amount of those loans were not stated, and it seems probable that they had no existence. He never took stock, and never exactly ascertained the state of his affairs, but acted on an estimate formed in his own mind. These are his own declarations, expressed almost verbatim in his own language. Considering his position his operations were marvellous in their magnitude. The amount of his transactions

In 1852	was	£1,531,708 14 6
„ 1853	„	2,000,744 0 4
„ 1854	„	770,750 18 6

making a total in two years and a half of upwards of 4,300,000*l.* As a set off to this enormous sum the official assignee only received 7,000*l.*; and the uncovered debt due to Messrs. Overend, Gurney, and Co., the great bill-brokers in Lombard street, figured for about 120,000*l.* According to the report of Messrs. Quilter,

Ball, and Co., the eminent accountants, Messrs. Overend, Gurney, and Co. at one time held securities deposited with them by Cole to the amount of 323,201*l*. 11*s* 11*d*, of which only 54,138*l*. 11*s* 11*d* were genuine. Cole Brothers were in collusion during their most nefarious career with the firm of Davidson and Gordon, and it is ascertained that the nominal amount of spurious warrants on which those swindlers raised money reached the enormous sum of 518,600*l*., of which Cole Brothers fabricated 367,800*l*., and Davidson and Gordon 150,800*l*.

There were many other minor agents in this deeply-laid scheme of villany who aided and abetted in the frauds. They need not here be mentioned; but the cunning with which the scene of operations was selected deserves a special notice. Cole took a wharf, called Hagen's Sufferance Wharf, in Mill Street, Bermondsey, in which he placed a person named Maltby; and Maltby, though Cole's servant, appeared to be the occupying wharfinger on his own account. On one side of this wharf was the Platform Wharf, belonging to Messrs. Groves and Son. When suspicion first arose as to the genuineness of the tin and spelter warrants, and parties went to satisfy themselves that the goods were really in existence, "Maltby," says Mr. Seton Laing, "did not hesitate to this request (of ocular demonstration), but at once conducted Mr. Goodburn and Wilkins into a large warehouse running up one side of the wharf and adjoining his counting-house." He then showed them a pile of goods, and said, "That is the pile from which the spelter will be delivered." The warehouse belonged to Groves and Son, as well as the spelter; and it certainly is remarkable that Messrs. Laing and Campbell, whose suspicions had been excited, did not at once detect that most important fact. However, the result was that eighteen of the warrants held by them, and which had been handed to them by Cole as tangible securities, amounting in nominal marketable value to 18,000*l*., were spurious and worthless.

Davidson and Gordon were general merchants, but also carried on a large distillery at West Ham Lane, in the county of Essex, about four miles from their counting-house in Mining Lane. Their involvements, when they failed and fled the country, amounted to nearly 500,000*l*., besides a large amount of duty which they owed to the excise.

Out of the great City frauds arises a question of really national importance, frequently discussed by earnest and advanced reformers, but which unfortunately has not yet taken any firm hold on public opinion: that question involves the appointment of a public prosecutor, who would really become the conservator of mercantile morality. The prosecution of Cole costs Messrs. Laing and Campbell, the victims of some of his swindling transactions, 800*l*. in legal expenses: surely it is unjust that a private firm, in the honest endeavour to bring a gang of swindlers to punishment, should have to pay such a sum. It is also to be considered that few persons would undertake so costly an exposure, and hence the criminal has many chances of escape, which encourage him to embark in the lottery of fraud; moreover, many

not so conscientious as Mr. Laing, who was offered 1,500*l.* by Cole's attorney to desist, but which that gentleman to his honour refused, might be tempted to compromise such affairs, and withhold evidence by which justice would be defeated. Against these contingent evils the appointment of a public prosecutor is the only safe guarantee. The London Bankers, and some other trading associations, retain an attorney specially nominated to act in all cases where they are wronged, and the tendency of the system is to make the reckless speculator pause. The existence of a national functionary, invested with analogous powers, would check the fraudulent dealer in his operations; and, while in numerous instances it would deter from crime, it would ensure correction whenever crime was perpetrated.

(From the Spectator of June 28, 1856.)

Everybody remembers the story of Davidson and Gordon, those general merchants whose failure disclosed such a wonderful series of frauds, in which one Joseph Windle Cole was implicated. The facts which were brought out at the time, however, did not present the story in its full magnitude; did not tell all the strange events with completeness, or bring out the real moral. It has been reserved for one of the men aggrieved to come before the commercial public in the City and tell the whole story, as a warning for the future. It is indeed a warning*

The hero of the epic as it is now told is Cole; Davidson and Gordon sinking to quite secondary parts. We must go back to Cole's youth in order to show how he began. It will be observed that even in the names there is a remarkable interweaving of connexions. The narrative proves to us what we have long suspected, that in the commercial world there are two kinds of grand commerce—the real commerce, and the spurious commerce; and, what we have also suspected, the

* "The Great City Frauds of Cole, Davidson, and Gordon, fully exposed. By Seton Laing, Assignee to Cole's Estate, Mann Nephews, Cornhill." The "pamphlet" itself—an octavo volume of 225 pages—is a curiosity. It has not been advertised; we do not remember to have seen a notice of it anywhere but in the City article of the 'Times'; it is designed principally for circulation in the neighbourhood of Cornhill; yet the first edition of it was sold out in two days, but we do not wonder; it reads like a stirring romance of Real Life in the City; being like Goodwin's "Caleb Williams," remarkable for having scarcely a trace of "Love" in it, though a heroine does appear slightly in a latter stage of this eventful story.

sam persons figure conspicuously in both kinds. We first encounter Joseph Windle Cole as clerk in the house of Forbes, Forbes, and Company, to whom he was shipping-clerk in 1835; in 1836, Charles Maltby, a young man of two-and-twenty, entered the same establishment as custom-house clerk, immediately under the orders of Cole; and among the clerks was one Sargant. In 1840, Cole was sent by the firm to India, to fill a responsible office in Bombay. About four years afterwards he returned, under the plea of ill-health, and soon ceased to be connected with the house of Forbes,—being in fact summarily dismissed from their service, for reasons not stated. In 1845 he was introduced, at the house of Sargant, Gordon, and Co., to Mr. Johnson, with whom, on the 1st January, 1846, he entered into partnership: but in November, 1847, while Johnson was in India, Johnson, Cole, and Co. stopped payment. The liabilities amounted to 153,000*l*, their assets to 71,800*l*; and the estate was expected to realize fourpence in the pound: no fraction has yet been declared. Mr. Johnson has stated, that the very day when the firm was suspending payment, Cole transferred tangible property in the hands of correspondents at Bombay, Calcutta, and New York, with more than 10,000*l*, to Messrs. Sargant, Gordon, and Co. Soon after in the same month of November, 1847, this firm of Sargant, Gordon, and Co., failed for 62,254*l*, their assets amounting to 10,652*l*. Cole obtained his certificate in March, 1848, and began the world again as Cole Brothers, general merchants; two brothers figuring as partners in the firm, and acting as clerks in the office. Subsequently to this date, we find Cole connected in business with Davidson and Gordon, who had become owners of a distillery at West Ham in Essex; a really flourishing concern, for the plant and business of which they had, in a complicated way that we need not describe, paid 150,000*l*. Cole had some connection with Mr. A. A. Lackerstein, of the firm of Lackerstein, Crake and Co., who failed in 1847. Lackerstein's separate debts amounted to 209,000*l*, on which a dividend of 6*d* in the pound was realized; the balance sheet of Lackerstein, Crake and Co. showed total debts of 133,000*l*, upon which a dividend of 10½*d* was paid. Lackerstein appears to have begun the world again in 1850, with 1700*l*; and he absconded in March, 1852, leaving total liabilities amounting to 212,000*l*. Another of Cole's allies was Maltby, of St. Saviour's Dock, Bermondsey; but of this important "house" we must give a more particular account.

General merchants transact a great part of their business on the basis of documents representing merchandise in dock. These warrants are issued by the wharfinger as soon as the property is lodged, and they are returned when the property is delivered: they therefore practically constitute vouchers by the wharfinger, whose whole authority they bear, stating that property of such and such a description exists in his custody. It is evident that if a general merchant can obtain the use of a wharf completely under his own control, such documents might be of the greatest advantage to him. It was in 1852 that Cole discovered exactly the kind of place that he wanted, the beau-ideal of such a property,

fabulously convenient. If Dickens had introduced it into one of his stories, people would have said that writers of fiction could always make circumstances suit their wishes. In St. Saviour's Dock, Bermondsey, was a wharf known as Hagen's Sufferance Wharf. On each side of it lie wharves belonging to Messrs. Groves and Son; that firm having a right of way over the space between. Messrs. Groves and Son possess very extensive warehouses, with a broad frontage to the river. The Sufferance Wharf presents a very narrow frontage; there is nothing to distinguish it from the two wharves on each side; it is, as it were, completely mixed up with those two wharves, between which it is only a gap. This wharf Cole rented, at 130*l* a year, from Mrs. Mary Hagen; and in it he placed his former clerk, ostensibly as an independent wharfinger. The two men were slightly connected by marriage; at first, Maltby was temporarily engaged by Cole at a salary of one pound a week, his highest salary at any time appears to have been 200*l* a year. He was the perfect creature of his chief—humble, pliant, faithful, trustworthy, and tenacious of Cole's interest. Maltby very soon represented to his neighbours that he was Cole's agent; that he had large quantities of metals coming to his wharf—more than he could store in the small shed which he possessed; and he asked them to let the metal be placed on their ground-floors, he weighing and stowing the goods and receiving the landing charges, Groves and Son having all the rent. Groves and Son cheerfully agreed to this not inequitable arrangement, and Maltby was fairly established as Cole's agent; Cole kindly inducing importers as much as possible to send their metals to "his friend Maltby."

This was Cole's position in 1852, when he appears to have completed the machinery required for his great designs. His connexions were extending; and even the misfortunes of his allies were used as opportunities. Lackerstein and Co. had a few warrants in the hands of Messrs. Seton Laing and Campbell; and shortly after the absconding of Lackerstein, Cosmo William Gordon called upon Messrs. Laing and Campbell, stating that the warrants which the bankrupt had left were the property of Cole, who wished to be introduced to Messrs. Laing and Campbell, in order that he might pay the amount of the advances; and he was suffered to take up the warrants, on payment of 2,326*l*. But here he had effected a most important introduction, which the great "general merchant" turned to a large account. About this time there was a demand in the market for cochineal; Cole gave orders to his new customers, Laing and Campbell, for large purchases; which were paid for. Some further transactions followed; but Cole had not been introduced to the firm more than a month before he began in the usual course of business to obtain advances upon warrants representing spelter or other metals or goods lodged at wharf. In July 1853 he obtained a loan of 41,000 *l* on the security of warrants representing goods lodged at Hagen's Sufferance Wharf, St. Saviour's Dock. If anybody desired to see the goods represented by these warrants, they could go down to the wharf, and Maltby would show them the goods lodged by his friend Cole.

If the goods were on Hagen's Wharf, veritably, then and there they could be seen ; if they were on Grove and Co.'s wharf, there also they could be seen ; still in Maltby's custody. But who could know where to draw the line between Maltby's wharf and Groves and Co.'s wharf? Suspicion, however, was at last aroused, and by degrees the peculiar arrangement was discovered. One instance will suffice. There was a certain amount of metal—fifty tons, which was landed at Maltby's wharf, and actually lodged in the wharf of Groves and Son. Groves and Son issued warrants for fifty tons of metal, deliverable to Cole Brothers ; Maltby also issued warrants for fifty tons of metal, to Cole, Brothers ; and Maltby likewise issued warrants for fifty tons of metal deliverable to the "importing merchant," making in all one hundred and fifty tons out of fifty. The Hagen Wharf warrants were used by Cole for the purposes of obtaining advances ; Groves & Sons warrants were used for the sale or actual transfer of goods ; so that the "general merchant" carried on a very extensive business in genuine goods, and a still more extensive trade in cash advances on fictitious goods.

This course necessarily came to an end. On the 19th June, 1854, every merchant on 'Change was startled by the intelligence that the house of Davidson and Gordon, whose transactions were known to be of enormous extent, had failed, and that the principals had absconded. Cole stopped payment on the 27th June : on that day Maltby disappeared, hastening to Ostend. Cheques in Cole's handwriting were afterwards found to have circulated between various banks, a supply of ready cash finding its way to his pocket ; and he disappeared. A reward of a hundred pounds was offered for his apprehension ; and on the 19th of July he was arrested entering his offices in Change Alley, by Forrester the police officer ; who had, however, kept in the back ground, and stationed a man in the disguise of a common labourer to watch the offices and detain "the party." On Cole were found two genuine warrants for goods, and sixteen representing 30,000*l* on Hagen's Wharf goods. One of Davidson and Gordon's creditors, Mr. Beard, of Manchester, undertook *their* pursuit, after a policeman had discovered them at Neuchâtel, and failed to arrest them, for want of an extradition treaty with Switzerland. the creditor, followed them from Neuchâtel—tracked them into private houses, in inns, and along the road—into Piedmont, to Genoa, and Naples ; arrested them at Naples, sent them on to Malta, where they were discharged on technicalities ; and had them re-arrested at Southampton. He tracked them through all sorts of difficulties,—the connivance of a Swiss police ; the aid afforded by a Madame Fornachon, and her daughter Ida, who writes lively and affectionate letters. In like manner, Mr. Seton Laing pursued Cole through all the technicalities of the law, through the passiveness of a principal creditor, or the technical difficulties which hampered the action of the City and their legal officers. Everybody knows the sequel of that part of the story—Cole's condemnation and sentence to four years of penal servitude, and Davidson and Gordon's sentence to two years' hard labour.

But even yet we have not told the whole of the story. A wonderful leniency and facility appear to attend the steps of men who thus defraud their creditors if they act upon a large scale and live as men do who have the command of thousands a year. It was by laxity in the appointment of assignees that Lackerstein was enabled to abscond, and that the great City Frauds were not cut short in 1852. It turns out that the fraudulent character of Cole's proceedings and of the warrants for goods at Hagen's Wharf was known to an important creditor as early as the 13th of October, 1853, eight months before Cole stopped payment. According to Cole's own account, Overend, Gurney, and Co. unluckily sold some warrant representing goods which Davidson and Gordon could not deliver: this occurrence induced Cole to tell Mr. Chapman, partner in the house of Overend, Gurney, and Co., "everything." In the course of the conversation, Mr. Chapman turned round, and remarked to Gordon that he had always looked upon him as an example in the City of a business man; but, he added, "I am sorry to find, Gordon, that you are a thief." On an examination before Mr. Ballantine, Mr. Chapman half disclaimed these words. "When we approached the subject, I have no doubt whatever that those words which were quoted were used by me: 'I believe you to be an upright man, I now only look on you as a thief.' I dare say that might take place, though I do not remember it." Subsequently, he disclaimed them more positively; but at the conclusion of an examination on the 23rd of October in the Central Criminal Court, Mr. Chapman said that his house "determined to take no steps to press for payment of the debt;" we determined to remain perfectly passive, without coming to any understanding of any sort, kind, or description, with either Cole or Gordon—we did remain perfectly passive until the bankruptcy." Let us look at some things that follow after taking this "passive" position. Messrs. Quilter and Ball, the accountants make a report on Cole's account with Overend, Gurney, and Co. The total advances remaining due from Cole on the 5th of October 1853 were 195,655*l*; against this balance the firm held 323,230*l* in warrants, real or fictitious, the real being worth 54,000*l*, the fictitious 269,000*l*. From the 5th of October Messrs. Overend and Gurney began "to realise" on the securities in their hands; which ultimately produced the actual sum of 54,138*l*, leaving them still creditors to the amount of 141,516*l*. On the 18th of November 1853, they received from Cole, Davidson, and Gordon a promissory-note for 120,000*l* payable on demand. Subsequently to October 1853, Messrs. Overend, Gurney, and Co. made further advances, and the bankrupt made further deposit of securities; the nett result being that the debt was reduced by these dealings to 19,082*l*. They actually provided "cash and spelter" 4,630*l* "to assist the bankrupt to deliver 400 tons of spelter which had been sold by them on fictitious warrants previously to their discovery of the spurious quality of those documents." It is not to be denied that Cole did meet with astounding leniency!

These are but the fastigia of the great commercial epic; but they will enable

the reader to understand the magnitude of the interests at stake, and the moral. See what immense sums are staked, and lost,—always representing the property of others who have been sacrificed. Davidson and Gordon were involved for a sum of nearly 500,000*l*; Lackerstein represents a gross deficit of 550,000*l*; Cole's cash transactions amounted in the course of his operations to nearly 4,500,000*l*. Messrs. Overend and Gurney passively and even mildly put up with a loss of 120,000*l*. A most painful and instructive fact which the recital discloses is the curious mingling of characters,—the “mixing up” of men like Cole, Gurney, Davidson, Beard, Gordon, Maltby, Chapman, Groves, and Lackerstein. They appear in a kind of commercial morris dance, moving in transactions which it is difficult to disentangle the one from the other. Unquestionably some of these persons were quite unconscious of the strange relations amidst which they lived; some were for the pursuit of justice rigidly, through every difficulty; others were *PARTLY co-operating with the bankrupt swindlers.*

(From the *Liverpool Albion* of August 9, 1856.)

More fortunate than the west end, the east end to-day is recreated with new joints to the familiar but never-tiring tale of the Great City Frauds of Cole, Davidson, and Gordon. It seems as if the Cornhill cockneys would never tire of picking up the crumbs of scandal set before them in this case by the implacable Mr. Seton Laing, assignee to Cole's estate. Four thousand copies, at 3s each, of his pamphlet have now been issued, making a sum of 600*l* which the public have expended in this shape in learning the rascalities practised by men who had stood for years—it might be said for generations—as princes even among the merchant princes of this metropolis. Pamphlets that pay the bare cost of printing are phenomena in publication annals; but this one will not only do so, but leave so large a profit as sensibly to diminish the expenses the author was at in following up the case originally, besides answering its avowed object of exposing, not the bankrupts, Cole and Company, but others equally to-blame. In each successive edition Laing has deepened the criminality of the charge, and extended the circumstantiality of the proof, against the great discounters. He has also vastly added to the weight of his proofs in the public mind by obtaining the permission of the Earl of Clarendon to have the book inscribed to him as the functionary through whose instrumentality Davidson and Gordon were hunted over all the Continent, and finally bagged in Newgate. Of course when the community see the name of Her Majesty's Foreign Secretary figuring, officially, as it were, on

the cover, not of the first, but of subsequent editions of a production of this nature, the inference naturally is that he accepts and advises all the statements it contains. The delinquents struck at are judged accordingly, though the law is inadequate to lay hold of them, less perhaps through deficiency of the necessary legal proof, than absence of that forensic phoenix desiderated by criminal optimists—a public prosecutor. The fact of there being no action brought against author or publisher is in itself an incontrovertible admission of the truth of its entire contents, now extending to nearly 300 pages, filled with evidence of a state of mercantile morals that may well cause the least reflecting amongst us to think it must be nearly all over with a people among whom such things are possible. It is said in the city that Mr. Laing has recently had the privilege, per invitation of the parties implicated, of re-inspecting the books of the bankers :—If so, the scrutiny does not appear to have wrought the smallest mollification, of his primary acerbity :—far from it. He not only winds up the work with the original statement, namely, “had Cole been broken up in October, 1853, by Overend, Gurney, and Company, when they discovered the fraud, all the sacrifices detailed in this volume would have been avoided,” but he appends heaps of “opinions of the press,” on the first edition, the substance of all such opinions being expressed by one of the ablest and most dispassionate of the weekly journals in these words : “When it was actually confessed by the criminal traders to the members of a great banking firm that this one firm alone had been robbed to the extent of more than a hundred thousand pounds, what is the commercial morality that enabled such offenders still to keep themselves aloof from the cognizance of the law? Plain men cannot but see that the only reason for not at once exposing such fraudulent rascals was the vain hope of their becoming wealthy enough, by the continuance of the fraud, to save themselves from punishment altogether, and pay, among others, the creditors who were winking at their offences.” Very different from this was the conduct of Mr. Laing, whose house was also a heavy sufferer; but whose answer to a proffered bribe for connivance and secrecy was the institution, at great further loss, of proceedings that eventuated in the *denouement* in question, and which should entitle him to an enduring testimonial from the mercantile world.

(From the Examiner of July 12, 1856.)

How balance sheets are occasionally made up, and what highly agreeable dividends may issue (on paper) from hopelessly bankrupt concerns, has been shown us lately in more than one example. But where the villainy is on the broadest scale,

and every one aiding or abetting has been overtaken by exposure, the moral is also of the broadest, and he who runs may read. In this direction the Tipperary Bank case must yield in some respects, we think, to that of the City Frauds brought before the Central Criminal Court last year.

The main features of the swindling transactions of Messrs. Cole, Davidson, and Gordon are of course very generally known; but they have been so well retold in a recently published pamphlet,* which traces them from their beginnings in clear detail, and impresses upon the narrative a thoroughly practical and useful meaning, that we are glad to give what help we can towards making it more widely known. The public have an interest in supporting this writer, himself largely concerned in trade, against the hard words which were sure to follow such an exposure of trading mysteries and moralities.

The principal hero of "the great City Frauds of Cole, Davidson, and Gordon," is Mr. Joseph Windle Cole, whose second name Mr. Shandy might have philosophised upon, and who appears upon the scene originally as one of several youths who are fellow clerks in a large mercantile house. Cole, as the shrewdest of these, obtains promotion and trust by his mastery of business details; very soon becomes the head of a gang of mercantile swindlers; and has a career of success which shows how marvellously easy it is for a rogue without a farthing of his own, having once mastered the details of mercantile life, to establish himself in the confidence of London merchants, and to launch into transactions involving, within two years and a half, a cash account of four millions three hundred thousand pounds! Now, it may be to the credit of trade that our merchants should be so trustful; of course they must needs rely much upon honour in their dealings with each other—but what are we to say of the last chapters in this wondrous tale of bankruptcy? When suspicions arose, why were they not summarily confirmed, or at least set at rest? When it was actually confessed by the criminal traders to the members of a great banking firm, that this one firm alone had been robbed to the extent of more than a hundred thousand pounds, what is the commercial morality that enabled such offenders still to keep themselves aloof from the cognizance of the law? Plain men cannot but see that the only reason for not at once exposing such fraudulent rascals was the vain hope of their becoming wealthy enough, by continuance of the fraud, to save themselves from punishment altogether, and pay, among others, the creditors who were winking at their offence. Mr. Laing's pamphlet deals certainly a heavy blow against this sort of mercantile morality.

The case may be described in a few words. Cole, having embarked in business as a "general merchant" without any capital whatever of his own, manufactured money for himself in the form of fictitious warrants and securities. Merchandise

* "The Great City Frauds of Cole, Davidson, and Gordon, fully Exposed." By Seto Laing, Assignee to Cole's Estate. Mann & Co., Cornhill.

imported into London is deposited in docks ; bonded, if a government duty on it be unpaid, or else free. While thus warehoused, it is represented by the warrants of the wharfinger, who signs his undertaking to deliver to the bearer this or that cargo, or part of a cargo, upon payment of all charges and sent to a certain date. Such warrants pass from hand to hand, standing for the value of goods named upon them, as bank-notes stand for stated sums of money. Cole proposed to make money by the issue of false warrants, and nothing would seem to have been easier. He found a yard by a dock side provided with a crane, a wooden shed, and a small counting-house, called Hagen's Wharf ; and this yard was flanked on each side by large well-stocked warehouses belonging to another man. These latter he contrived to pass off, and get credit for, as his own ; by simply putting one of his own fellow-clerks, at his wit's end for a shilling, into the small intermediate yard to play the part of wharfinger, whose signature to warrants, for steel, spelter, and other things, dated from "Hagen's Sufferance Wharf," produced at once the false money upon which gold was raised and credit was built, and with which merchants were swindled almost at discretion. The actual amount of the spurious warrants known to have been put in circulation by Cole and his accomplices, represented to them, and was to them, more than half a million of money.

Yet it would appear quite within the probabilities that if the firm of Laing and Campbell, by one member of which the pamphlet on which we have been remarking is published, had not been determined on exposure, all losses elsewhere would have been bourne, the scandal hushed up altogether, and the offenders left at liberty until this hour to prey upon society. It is absolutely certain that one great and most respectable house stood by for a long time, not only knowing of these base forgeries, but holding some in their hands. Indeed a member of the firm, to whom one of the swindlers had made private confession of his villainies, thus naively stated the principle on which he had proceeded. "He came in and behaved as a gentleman, and I treated him as such." "Do you mean to say," asked Mr. Ballantine, "that you treated him as a gentleman throughout, though he had passed off fictitious warrants to the extent of 80,000?" "I did, Sir," was the witness's reply. A more frank avowal it would not be easy to get. Here was a swindler behaving like a gentleman ; if the swindling were but hushed up, the gentleman might recover his footing, and might repay ; and assuming him so far to succeed as to become a really wealthy swindler, he would doubtless not simply have been treated as a gentleman by this mercantile philosopher, but have actually to all intents and purposes become one.

Offended by Mr. Laing's plain-speaking in the matter, some City authorities have hinted that his object has been as much to make profit of his strictness as they of their laxity. By so parading the error of the house which kept the frauds a secret while more were in course of perpetration, it is insinuated that there may have been some hope of a saying still, in the form of conscience-money, upon a bad debt. But again, a suggestion absurd in itself stands the fact, that, as Cole's ex-

posers, the house to which Mr. Laing belongs were offered a pecuniary compromise, or bribe, which they refused; and that in resolving to punish a class of most dangerous offences, they have not only foregone the price so offered for silence, but have paid in addition to their loss, in law expenses and otherwise, a heavy fee the self-imposed duty of speaking.

(*Letter from the City Solicitor to the Times, inserted in that Journal June 12, 1856.*)

To the Editor of the *Times*.

Sir,—Your City Article of yesterday's date contains some statements from Mr. Laing's pamphlet respecting Davidson and Gordon's prosecutions, which require a few observations from me. As I have filled for seventeen years the office of City Solicitor without having had occasion in that capacity to intrude upon your columns, I hope you will allow me a brief space for the purpose I require it.

In October last I was directed by the sitting Alderman to institute a prosecution against Davidson and Gordon for fraud. This was done, in order that there might not be a failure of justice in case they should escape from the three bankruptcy prosecutions, as it was feared might be the case on account of some technical difficulties in the way. The Commissioners of Bankruptcy had determined that their prosecutions should be confined to offences immediately connected with the bankruptcy, and up to the last moment of time, when the commitment was about to take place, no private prosecutor had presented himself to take up the cases of fraud. I accordingly preferred, under the advice of eminent counsel, indictments against Cole, Davidson, and Gordon. When the first and second bankruptcy cases had failed at the trial, and it was thought that the third would share the same fate on account of the serious difficulties which beset it, I was waiting with my counsel and witnesses ready in court to commence my case had the other likewise failed. Davidson and Gordon were, however, convicted, and sentenced to the same punishment that would have been awarded if they had been convicted on the City prosecution. It was then adjourned to the following session, to enable us to decide what course should be adopted. The failure of justice, against which the City prosecution was intended to guard, had not taken place, and it seemed hardly necessary to convict the same men over again, when the Court would not be likely to exert a power very, very rarely exercised, of passing a reversionary sentence upon a prisoner for the same offence.

At the commencement of my retainer I was placed in communication with Mr.

Laing, the author of the pamphlet, and a heavy creditor of Cole's. I at first attributed the exuberant zeal of this gentleman to a natural desire to bring to justice two men known to be connected in fraudulent transactions with Cole, by whom he had been pillaged of a large sum. I, however, found, after a time, that Mr. Laing's principal object was to "expose" Overend and Gurney, and that he yearned, in fact, for a more substantial sort of justice than even a successful prosecution of Davidson and Gordon was calculated to afford.

For the purpose of adding my name to others who have condemned the conduct of Mr. Chapman in continuing to have business transactions with Cole after discovering the frauds he had practised on the firm, Mr. Laing has, I understand, published in his pamphlet a private letter in which I not only acquit Mr. Laing of any malignant feeling in "exposing" Overend and Gurney, but, upon the assumption that his statements were true, I applauded the zeal and perseverance with which he pursued his object; but I, at the same, protested against being "used" by him as an instrument of carrying out his own designs.

As Mr. Laing has chosen—most unfairly I think—to make my letter public, I must ask your indulgence to print an extract which will leave me but little to add. It is dated December 23, 1855, and concludes with the following paragraph:—

"I am happy to acquire information from any person and by any means, but I do not consider myself at liberty to rely upon any statement I hear, unless I am furnished with the means of testing its accuracy; and (finding it accurate) I deem it my duty to obtain the assistance of eminent counsel to weigh carefully both its relevancy and effect upon the cases committed to my charge; it will be in their discretion to use it or lay it aside as their sense of professional duty may determine. In their opinion the case is beset with great difficulties, and in this opinion I entirely concur. It is among the greatest of these difficulties that, for the means of bringing guilt home to the defendants we are principally indebted to the evidence of Mr. Chapman, whose conduct in concealing the frauds practised upon him after they had been discovered is calculated to shake his credit. A similar observation to some extent applies to your own evidence; for, although it was your proceedings against Cole that brought these frauds to light, your evidence at his trial, upon which you are open to cross examination to affect your credit, shows that after you had discovered the fraudulent character of the warrants you were pressing him for other securities. You misapprehend any observations I have made if you think I impute to you any malignant feelings against the defendants in promoting these prosecutions. I applaud the spirit and admire the zeal and perseverance you manifest in following up men who have injured you. If Mr. Chapman had not committed a great moral offence Cole would have been broken up before he became your debtor, and you would thus have saved your money. If by the fear of public exposure Mr. Chapman can be induced to do you justice, and return your losses (which you have never hesitated to avow as one of the objects of your proceedings), no man can properly set that down to the score of malignant feelings. If Messrs. Overend, Gurney, and Co. have employed their wealth character and position to build up the credit of Cole, Davidson, and Gordon after the knew of these frauds, and if, by acting upon the feelings which wealth, character, and position call into play, you and the other creditors of the bankrupt can get recouped your losses, no man can justly blame you; but I must take care that I do not permit my functions as a public prosecutor to be directed by you for the purpose of effecting your private objects, however justifiable or

laudable they may be. I hold it to be my duty to employ all the evidence I possess or can acquire to prove the cases comprehended in the two indictments now before the Court. If the assignees of either of the bankrupts can now furnish me with evidence to implicate Mr. Chapman or any other person in the frauds with which the present defendants stand charged, I should consider that my instructions from the Court of Aldermen are sufficiently large to warrant me in taking such measures as counsel may recommend to dispose of these indictments, in order that others of a more comprehensive character may be preferred. No time is to be lost if any change in the course of proceedings is to be made, as the sessions will commence on the 7th of January. I still think it will be more useful and more proper for me to be furnished with any additional information bearing upon the question through the solicitors, but I shall not decline to accept it from any other quarter.

"I am, dear Sir, yours truly,

"CHARLES PEARSON, City Solicitor.

Before writing this letter I had repeatedly applied to Mr. Laing to furnish me with the proofs of the complicity of Overend and Gurney in the frauds committed by the persons under indictment. Mr. Laing abounded in assertions that this complicity could be distinctly established in two classes of cases, and it was the proofs only which he failed to produce. I think it hardly likely that Mr. Laing made me his only confidant upon this subject. If any gentleman who may read this letter recollects to have heard Mr. Laing speak to the following effect, I shall be obliged by a line.

I make this request because I have now reason for believing that both classes of cases are the creation of Mr. Laing's imagination, and as very lively imaginations are seldom accompanied by a very accurate memory, Mr. Laing may forget he ever told me he could furnish numerous cases of the following description:—

1. Where, after Overend and Gurney had discovered the frauds practised upon them, they gave up some of the fictitious warrants they possessed to the guilty parties, who effected loans with other individuals for the benefit of Overend and Gurney.

2. Where, after the discovery, the guilty parties, to the knowledge of Overend and Gurney, redeemed good warrants from merchants who had advanced large sums upon both good and bad securities, placing the good securities with Overend and Gurney, and leaving the bad ones with merchants who, when the catastrophe came, had to prove upon the bankrupt's estate, while Overend and Gurney's account had been diminished by the deposit and sale of the good warrants.

I repeatedly assured Mr. Laing that, if he could furnish me with proofs of these foregoing facts so as to prove acts of conspiracy with the prisoners, the indictments against them singly should be withdrawn and joint indictments should be preferred.

I cannot say I ever believed all Mr. Laing's statements, but I acted as if I considered them entitled to credit, for, with the approbation of counsel (without whose approval I dared not have taken so bold a step), I wrote to Cole, Davidson, and Gordon, after they had received sentence, asking them if they were disposed

to make any confession in respect of the frauds of which they had been convicted. I saw the highly respectable solicitors of Davidson and Gordon. I told them of the statements I had heard, and, without making any promises of favour, which I was not competent to make, I suggested how important it was for the future welfare of the prisoners that they should make a clean breast by a full disclosure of every important fact. These gentlemen had orders for private interviews with their clients in the gaol, but it was attended with no results. Cole, not wishing to incur the expense of employing an attorney, asked me to see him in Newgate myself. I did so. I told him what I had heard as to his dealings with Overend and Gurney. I reminded him that he would be a competent witness, notwithstanding his conviction, in any prosecution against other persons. I stated that I was prepared to receive and act upon any evidence he might think it right to give me upon these points, provided there were entries in his books or any other corroborative testimony. He complained that Mr. Chapman had not treated him well in some matter besides the question in hand, but he assured me there was no foundation for the statements I had heard.

I think it right here to remark, that about the date of this letter Mr. E. Gurney called to know whether his father, who was in ill health in the South of France, would be wanted at the trial, and as he had desired to be telegraphed, that he might come at all hazards if required. I asked Mr. Gurney some questions, which led him to repeat the offer both his father and Mr. Chapman had previously made, and of which I had to some extent availed myself. He offered to submit every book and document they possessed to my unreserved inspection, and every clerk to my examination. I declined the offer, remarking that I was at that moment pursuing inquiries hostile to their house. He said it made no difference; whatever might be the object of my inquiries they should be met with the same frankness they had hitherto received.

The applications to Cole, Davidson, and Gordon having produced no result, and Mr. Laing having failed to furnish me with proofs of his assertions, I submitted Messrs. Quilter and Ball's report of Cole's affairs and the other documents to eminent counsel, who gave the following opinion on the case:—

"We are of opinion that there is no evidence to justify the aldermen in directing an indictment against Mr. Chapman.

"We are also clearly of opinion that under existing circumstances it is not the duty of a magistrate to proceed further with the City indictments, nor do we think it would conduce to the ends of public justice to do so. We therefore recommend that the prisoners be brought up at the next sessions, and the indictments be disposed of by an acquittal.

"JAMES WILDE,
"ARCHER RYLAND.
"ROBT. LUSH.
"W. BALLANTINE.

"Temple, Jan. 17, 1856."

In conformity with the foregoing opinion counsel appeared in court, and with the approbation of the judge the prosecution was withdrawn. I do not desire to shelter myself, as I have a right to do, behind the opinion of counsel, for, although I most reluctantly yield to their advice, I did at last and do now hold the opinion that a right course was adopted, and that had I attempted to force on a trial which could have no useful results, merely to indulge Mr. Laing with a repetition of his egotistic quality or his attacks upon Overend and Gurney, with any ulterior objects, I should have rendered myself liable to grave censures. I hope I have fully and fairly answered Mr. Laing's censures as they appear in your City Article, and that I may now be permitted to depart from the bar of public opinion without the necessity of making any other appeal to you for space to defend myself.

I have the honour to be, Sir,

Your most obedient servant,

CHARLES PEARSON.

Guildhall, June 11, 1856.

(*Mr. Seton Laing's Reply to the above, inserted in the Times of June 15, 1856.*)

To the Editor of the *Times*.

Sir,—Permit me to say a few words in reply to the letter of Mr. Charles Pearson, the City Solicitor, which appeared in your columns on Thursday last. Mr. Pearson's statements in reference to the alleged "assertions" on my part of being able to prove "the complicity of Messrs. Overend, Gurney, and Co., in the frauds committed by the persons under indictment," are pure inventions of his own. I never gave him any such assurances. I placed at his disposal Messrs. Quilter, Ball, and Co.'s official report relative to the transactions between Joseph Windle Cole and Messrs. Overend, Gurney, and Co.; and in a letter, dated Jan 7, 1856, I told him that I was not the prosecutor in the case of Cole, Davidson, and Gordon, nor was it any part of my duty to get up the evidence against them, adding this question, with its necessary comment—"What can be more simple than tracing the securities, warrants, &c., that have been placed in Overend, and Co.'s hands by those bankrupts subsequent to October, 1853, upon which they have pocketed so large a sum? Surely this is your duty; it cannot be mine." This was the limit of my suggestions to Mr. Charles Pearson. Had I "abounded"

in vague "assertions," it is not likely I should have refrained from making them to others as well as to the City Solicitor, and there was one person in particular with whom I was in communication during the whole of the proceedings against Davidson and Gordon, who would naturally have been the recipient of every opinion I might express on the whole subject. That person was Mr. George (at that time the confidential clerk of Messrs. Linklater and Co., solicitors to the fiat against Davidson and Gordon,) who writes as follows:—

"35, King-street, Cheapside, London, June 13.

"Dear Sir,—In reply to your note I beg to state that, during the numerous interviews I had with you relative to the prosecution of Davidson and Gordon, you never intimated to me that there was any ground for supposing either the No. 1 or No. 2 of Mr. Charles Pearson's letter, and I may add that the evidence you enabled the solicitors for the assignees to procure was exceedingly valuable. I cannot help thinking that the City Solicitor has misunderstood you, because you stated the facts so differently to me.

"I am, dear Sir, yours truly,

"CHARLES GEORGE.

"Seton Laing, Esq."

But Mr. Pearson is not chary of making assertions. He says that I yearn for "a more substantial sort of justice than even a successful prosecution of Davidson and Gordon was calculated to afford." He will not read my denial of his accusation for the first time in this place; for on the 31st of December last, in reply to a letter a great part of which he printed in your columns, I distinctly laid down the principals upon which I had acted throughout the whole affair, I said, "My Grand object has been, not to obtain back the property of which I have been defrauded; but rather to protect the public against similar frauds, and openly denounce a gang of swindlers the moment I had sufficient proof to act upon. I can lay claim to a far purer motive than the paltry consideration of a few thousands pounds. By remaining 'passive' and acting in a similarly dishonourable manner to Mr. Chapman, I could have pocketed 1500*l* offered to me by Cole's attorney, and saved 800*l* legal expenses, sums far above any dividend likely to arise from the 'bankrupts' estate. I have used, and shall continue to use, all legitimate means at my disposal, either for the purpose of the recovery of my property, or of instituting criminal proceedings against other persons implicated, in the event of your failing to do so, at the same time reserving to myself the right of making free use of your last communication to me."

The public will judge by what motives I have been actuated, and how far I have kept my word; they will also, I trust, acquit me of the charges preferred against me by Mr. Pearson of having acted unfairly towards him in making his letter public.

One word in conclusion. Mr. Pearson, setting forth his own mis-statements as mine, declares them to be the creation of my imagination, and sneeringly observes "very lively imaginations are seldom accompanied by a very accurate memory." Mr. Pearson's "imagination" may very possibly qualify him for

the post of "poet laureate," but his memory is scarcely accurate enough for a lawyer, or he would not have made so notable a mis-statement as that which appears at the commencement of his communication to you. He there says:—"In October last I was directed by the sitting alderman to institute a prosecution against Davidson and Gordon." This is not the fact. The instructions to prosecute were given by Sir Peter Laurie on the 26th of June, and Mr. Pearson conducted the examination of the bankrupts until the end of July, when he declared the case against them to be complete.

I am, Sir,

Your most obedient servant,

SETON LAING.

39, Mincing Lane, June 13th, 1856.

Before this Address is brought to a close, one or two brief remarks on the points most insisted on by the counsel for Cole are necessary.

They relate to the alleged deficiency in the sale of the cochineal,—to the destruction of the deposit notes,—and to the amount of Messrs. Laing and Campbell's original claim on Cole's estate.

As to the first of these questions. It must be repeated, that the whole of the cochineal received from Cole was sold before the end of 1853, and the account sales furnished immediately afterwards—six months before any doubt arose respecting the bankrupt's position, or any knowledge arrived at by Messrs. Laing and Campbell of the existence of the false warrants. During the long interval from January 1854 to May 1856,—a period of more than two years,—not a question was raised, either with regard to the correctness of the account sales or a deficiency in the cochineal deposited by the bankrupt, by Cole himself or any other person interested in the estate; nor, setting these facts aside,

is it at all probable that a person in Cole's position, pressed as he was by Messrs. Overend, Gurney, and Co., would have allowed so large an unavailable amount to remain in the hands of any one.

It must be borne in mind that the challenge respecting the deficiency in cochineal was made *two years and a half after the cochineal had been sold!* Can it, then, be wondered at that, after this great lapse of time, Messrs. Laing and Campbell should not have preserved a quantity of worthless papers connected with transactions which had so long been closed? The Commissioner observed upon the absence of these papers, but without attaching due weight to the information given him, —*that there is not a house in London in the habit of preserving similar documents.*

With regard to the original claim of Messrs. Laing and Campbell upon Cole's estates, it has been clearly shown that it was not in the first instance an absolute but only an approximate claim made in the amount set forth, *at the instance of Messrs. Linklater and Co., at that time the attorneys to the bankrupt,* and that its reduction to the figure at which it subsequently stood was the voluntary act of Messrs. Laing and Campbell, influenced by no external pressure, but solely by the knowledge which they subsequently acquired of the actual state of their account.

It is also of the utmost importance to remember that the bankrupt Cole himself, in handing Mr. Murray a list of his creditors on the 23rd of March, 1855, set down Messrs. Laing and Campbell's claim upon his estate at the sum of 8,273*l* 16*s* 11*d*; exceeding Messrs. Laing and Campbell's own statement of the account by about 1,500*l*.

In conclusion:—It would have been much more satisfactory to Messrs. Laing and Campbell if Mr. Commissioner Fonblanque

had possessed a better knowledge of the figures in this case. Had he been fully aware of what the accounts signified, he could not have failed to be impressed with the precise and conclusive statements of Messrs. Quilter and Ball, the well-known accountants, and of Mr. Murray, the experienced attorney to the estate, all of whom EXPRESSED THEIR CONVICTION THAT NO POSSIBLE REASON EXISTED FOR THE QUESTIONING THEIR CORRECTNESS.

If Messrs. Laing and Campbell had not resolved at once to punish Cole, after rejecting in the most absolute manner the sum which was offered by his solicitor, Mr. Digby, there is little doubt that he would have been allowed to resume his swindling career, most probably under the continued patronage of the same house which had so faithfully concealed his gigantic frauds from the public.

As the representative of public opinion on a matter of so much importance to the public as commercial integrity, the annexed summary of the proceedings in Bankruptcy which have chiefly occupied these pages is given in the "Times" Money article of Nov. 14, 1857:

At the Court of Bankruptcy yesterday Mr. Commissioner Fonblanque gave judgement on a long pending investigation into a proof against the estate of J. Windle Cole, a bankrupt, by Messrs. Laing and Campbell, for 6,874*l*. The proof was upheld. *The decision removes from Messrs. Laing and Campbell any imputation of having wronged, or intended to wrong, other creditors of the estate.*

