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ACCOUNTS SHOW GOODRICH SHORT

Freudenthal's Report Creates a Sensation Throughout Country.

LOOKS LIKE EMBEZZLEMENT.

Recorder and Auditor Lee Addresses an Open Letter to Taxpayers.

ACKNOWLEDGES NEGLIGENCE.

Pioche, Nevada, Sept. 6, 1905. To the Honorable Board County Commissioners, Lincoln County, State of Nevada.

Gentlemen: I have the honor herewith to submit the partial following report on the condition of the treasurer's books, report of officers, report on condition of funds and auditor's books:

From the books of the treasurer and auditor I find the total amount of all funds January 1, 1905, to be \$26,522.18, and as will appear by schedule "A" herewith annexed. I have carefully gone over all of the receipts and disbursements from the first of the year to the first of September and re-appportioned every item of receipt, and herewith attached you will find schedule showing the condition of all funds on the first of September, 1905.

In my report of August 8th, 1905, and which made the books as they appeared on the first day of August, 1905, including the receipts and disbursements from the first day of August, 1905, to the 8th day of August,

1905, the conditions of all funds showed a total of \$27,354.51 and cash on hand of \$24,107.89, showing a deficit of \$3,246.62.

In making the apportionment, and checking up the receipts and disbursements from the first of January, 1905, to August 8th, 1905, I find that the total of all funds should be on the 8th day of August \$27,567.11, and there was only \$24,107.89, cash on hand, the actual deficit on that date is \$3,459.22, as more fully appears by schedule "A" herewith annexed.

I will here refer by the month to certain discrepancies in the treasurer's and auditor's ledger and apportionments.

January, 1905.—Report of the auditor and recorder shows \$291.70 collected and receipts issued for this month and only \$219.70 apportioned. The sheriff's fees, license for which receipts were issued in January for \$1,771.90, was not apportioned in January, but was apportioned as \$1,171.90 in February, as appears by the ledger of both the auditor and treasurer. This difference will be referred to in my notes on February month.

The apportionment of money collected on delinquent taxes in January were apportioned in a lump sum as delinquent county tax, instead of being apportioned to its proper channel, as follows: Delinquent county tax, delinquent Delamar tax, delinquent Bunkerville tax; penalty, advertising, and delinquent poll tax. The apportionment was 19.23 more than the receipt called for.

February 1905.—Receipts for clerk's fees turned in for February was \$40.25. Reports adds up \$50.75. Apportionment of second installment of taxes collected was not made proper, in that the taxes collected on property situate in Pioche, Delamar and county was all apportioned as county tax. In the collecting of delinquent tax of Bunkerville no apportionment was made to the Bunkerville special school fund, but was apportioned as

being county tax; neither was the penalty separated as it should have been, but was included as county tax. Also the apportionment of Bunkerville tax, the 3 per cent commission which goes into the salary fund was not apportioned to that fund, but was apportioned to other funds as a whole. Warrant No. 1090, favor of James H. Liston for \$7.50 on general county fund entered as \$7.50 in auditor's ledger and as \$25 in treasurer's ledger and yet both ledgers have the same balances. Balances in general county fund in both the treasurer and auditor's ledger at end of February is \$600 more than the columns show. This mistake was no doubt made by the work first being made on paper, and the amount turned in by the sheriff in January to which reference was made in the January notes, was figured as \$1771.90 and in copying the same in the ledger, was copied as \$1,171.90, showing that the column was not added up either by the treasurer or auditor after being entered in the ledger.

There appears a transfer of \$160 from the general fund to the indigent fund, for which I find no order by the board of commissioners.

March 1905.—The taxes were not apportioned properly.

April, 1905.—The taxes collected were not apportioned properly and \$9.48 short of what receipts called for. Assessor's report does not designate in which road district poll taxes were collected, so have to jump to the conclusion that the personal property tax is all county and the ledger shows that the poll tax was apportioned to Delamar road number 5, so have apportioned the same way.

Entries of warrants paid or drawn against indigent fund in April appears in auditor's ledger as \$1.85; \$30; \$5.50 and \$5; and in the treasurer's ledger as \$1.85; \$14.85; \$5 and \$70.75; the three was drawn against the general county fund, notwithstanding the great difference in the warrants entered against the same fund in both ledgers, by unknown system, they both have the same balance.

Nothing in the assessor's report to show what district poll taxes and personal property taxes were collected, so have taken the apportionment as appears in the ledger of auditor and treasurer. Taxes were not apportioned properly in that amounts paid in on Bunkerville; tax was apportioned as general county, penalty and advertising not right in the amounts apportioned. Apportionment of \$300 to salary fund on general license apportioned wrong.

Apportionment of money received for license on slot machines - apportioned wrong, as included in a general.

June, 1905.—Entries of warrants No. 1430 for \$22.55 and No. 1432 for \$26.31, drawn against the state fund, was charged up against the contingent fund, and also against the state fund.

July, 1905.—Under bill No. 610 allowed July 10th for \$1,962, for expenses for witnesses' fees, etc., in the Hancock murder case, \$125 had been credited in May salary fund, being marked order and \$100 in June in warrant No. 1428 in favor of Jake Johnson as money advanced Judge Marioneaux.

I call your special attention to the report submitted to your honorable body each month showing the condition of the several funds. I find that while the amounts represented in the report as being in the several funds are correct, the total amount carried out in the school fund is \$1,000 short of what it should be. This occurs in every report that I have examined from September 1, 1904, to May 1, 1905, with the exception of the report for the first of December, which I did not find. I have not gone back of the first of September, 1904, as I have not had the time yet. These reports have been filed with your honorable body by the auditor. In one or two instances it exceeds \$1,000 by a few dollars.

I find that while the county treasurer had all funds on deposit with the National Bank of the Republic, Salt Lake, Utah, no account was ever kept with the bank; the statement submitted by the bank every month being accepted as correct.

I also find that the cash book has been dispensed with in the treasurer's office since June 1, 1903. The present deputy treasurer, Mr. Eugene Goodrich, purchased a cash book when he came in office, and has the receipts and disbursements from the first of the year to date about entered;

a few more days will bring it up to date.

There being no cash book showing the amounts of cash on hand on the first of January, nor an account with the bank kept, nor any memorandum to show what kind of settlement was made between Mr. James A. Nesbitt, the outgoing county treasurer, and Mr. Goodrich, the present incumbent, and understanding that a Mr. Smith of the National Bank of the Republic came down in January and effected a settlement, I wrote to Mr. Knox, president of the National Bank of the Republic to give me such information in regard to the settlement as he could, and the following letters will explain themselves.

(Copy.) Salt Lake City, August 21, 1905. H. E. Freudenthal, Pioche, Nevada. Dear Sir: I herewith hand you a copy of letter from Mr. Smith who attended to the Goodrich-Nesbitt matter for us. Now you can look up and easily find this amount that Goodrich paid after January to take up the Nesbitt's checks that came in after he turned the account over to Goodrich.

Upon examination, our records show that on January 7th, 1905, Nesbitt turned over to Goodrich \$33,362.84, that overdraw Nesbitt's account of that date \$305.39. Then on January 9th, there was a deposit made to Nesbitt's account of \$1,447.60, that left Nesbitt's balance of \$1,142.21. Of that amount there still remains to Nesbitt's account as treasurer \$419.81, showing that after January 7th we paid against Nesbitt's account to the extent of \$722.40.

I am enclosing you a transcript of Nesbitt's account, which will doubtless be of material assistance to you in closing the matter up. Of course Nesbitt should have no balance and they must have made some miscalculation as to the amount of the checks outstanding. Yours very truly, Frank Knox, president.

August 18th, 1905, Salt Lake City. Frank Knox, President National Bank of the Republic, Salt Lake City, Utah. Dear Sir:—Replying to yours of the 16th inst. in regard to the treasurer's account of Lincoln County, the basis of settlement was made on the balance of Nesbitt in your bank on the first of January, 1905, and the cash he had on hand on that date. Nesbitt's only record of the account was his check book and from that I made my start.

The amount of cash he had on hand and the balance in the book was the amount he turned over to Goodrich, both Nesbitt and Goodrich preferring to let the outstanding checks go to you for payment. You will doubtless remember that this created an overdraft in January against the account of Nesbitt's, depositing an official check of Goodrich's. It is quite likely that at the end of January a statement and the canceled checks of Nesbitt's were mailed to him, and these are probably the checks that Freudenthal is enquiring about. Trusting that you will fully understand this explanation and that the records will bear it out, I am, yours truly, R. G. Smith.

I have had a talk with Nesbitt and Goodrich and they both practically agree that the amount turned over was one check of \$23,362.84, and cash to the amount of less than \$1,000, somewhere between \$900 and \$1,000, and this confirms the letter of Mr. Smith in regard to the letter of settlement.

As the total of all funds amounted to \$26,522.18 on the first of January, and this represents the amount that should have been turned over to Goodrich, admitting that the amount of cash Nesbitt had turned over to Goodrich to be \$1,000, together with the check of \$23,362.84, the settlement then would have been \$2,329.34 short of what it should have been.

Admitting that the amount turned over by Nesbitt to Goodrich was one check of \$23,362.84 and \$1,000 in cash, the deficit from January 1st to August 8th, 1905, will amount to \$1,229.88, charging \$2,329.34 against the outgoing treasurer, Nesbitt.

The report of the county clerk, who is also county treasurer, for the month of February, 1905, for \$65; April for \$21.50 and May for \$25.75 approved by the board, are not counted in the receipts, as there is no stub to show that the same has been paid, nor has it been apportioned, the amount totals \$112.25 and appears in schedule "A."

Showing the amount in all funds as appears by the ledger on January 1st, 1905, the receipts and disbursements

from the first day of January to the 31st day of August, and the total amount of all funds on the first day of September, also the total amount of all funds on the 8th day of August, 1905, and the amount of cash on hand applicable to the payment of the amount in the funds.

January 1st, 1905, total condition of all funds, \$26,522.18.

Receipts.
January 1st to 31, \$8,092.74.
February 1st to 28th, \$1,907.93.
March 1st to 31st, \$3,119.09.
April 1st to 30th, \$3,287.48.
May 1st to 31st, \$16,139.72.
June 1st to 30th, \$6,082.92.
July 1st to 31st, \$10,796.60.
August 1st to 8th, \$7,676.28.
Total, \$83,694.85.

Disbursements.
January 1st to 31st, \$15,372.29.
February 1st to 28th, \$6,293.56.
March 1st to 31st, \$3,445.49.
April 1st to 30th, \$4,709.88.
May 1st to 31st, \$4,480.16.
June 1st to 30th, \$13,590.94.
July 1st to 31st, \$6,948.67.
August 1st to 8th, \$786.75.
Total, \$56,127.74.

Amount of cash on hand August 8th, 1905, \$24,107.89.
August 8th, 1905, total amount of all funds, \$27,567.11.
August 8th to 31st, receipts, \$845.32.
Total, \$28,412.43.
August 8th to 31st, disbursements, \$3,373.75.
September 1st, 1905, amount of all funds, \$25,038.68.

Deficit August 8th, 1905, \$3,459.22.
September 1st, amount of cash on hand, \$21,579.46.

Reports of the County Clerk for the following months and for the amounts specified are not counted in the receipts, as no receipts were issued and consequently not apportioned:
February, 1905, \$65.00.
April, 1905, \$21.50.
May, 1905, \$25.75.
Amount, \$112.25.
Report by H. E. Freudenthal, September 5th, 1905.

AN OPEN LETTER TO THE PUBLIC
Pioche, Nev., Sept. 7, 1905.
To the Citizens and Taxpayers of Lincoln County:

A report on county books was filed with the board of county commissioners on September 6 by H. E. Freudenthal, who was appointed by the board at the meeting held in August for this purpose, which shows a deficit of \$3,459.22 in county funds. One paragraph of the report is as follows:

"I call your especial attention to the reports submitted to your honorable board each month showing the condition of the several funds. I find that while the amounts represented in the report as being in the several funds are correct, the total amount carried out in the school funds is \$1,000 short, and the total amount of all funds on hand is added up \$1,000 short of what it should be. This occurs in every report that I have examined from September 1st, 1904, to May 1st, 1905, with the exception of the report for the first of December, which I did not find. I have not gone back of the first of September, 1904, as I have not had the time yet. These reports have been filed with your honorable body by the auditor. In one or two instances it exceeds \$1,000 by a few dollars."

I have examined the reports as referred to by Mr. Freudenthal and find them to be exactly as he states in his report.

Fully realizing the just censure to which I have put myself in signing and filing with the board the reports as above stated, in justice to myself and to my constituents who honored me with the confidence of the office of auditor and recorder, and in desire on my part in all of my official acts in office to merit that confidence which the public reposed in me, an explanation is due the public.

After being elected, and previous to taking office, Mr. George O. Sawyer came to me and wanted to be employed, stating that he considered himself thoroughly competent, and it being necessary to have help I employed him to keep the ledger in which the receipts and disbursements were entered, and also part of his work was to make out a statement showing the condition of all funds as appeared by the ledger on the first of every month for filing with the board of county commissioners. Mr. Sawyer also filled the position of deputy treasurer and kept the books of that office.

The reports referred to in Mr.

Freudenthal's report were made out by George O. Sawyer and I signed them, never taking the precaution to add the columns of figures up to see if the addition was correct, reposing that confidence in Mr. Sawyer that I had no idea that he would make out false reports for me to append my name to. He was never authorized by me to do anything of the kind, and he was requested both by myself and Mr. Baldwin, one of the county commissioners, to appear before the board on the 6th and explain why he made the reports in the manner he did, and he absolutely refused to come before the board to make any kind of statement.

Whether the reports previous to those which have been reported on are false in the same manner, future examination will determine and I fully court the strictest examination of all my reports and books so that any irregularities and false statements will be made public and the blame rest on the individual who made them. I fully realize though, that I am subject to severe criticism and censure for not checking up the work of those in my employ more thoroughly and allowing such false statements to be filed with the board with my name attached thereon.

Very respectfully,
HENRY LEE,
Recorder and Auditor, Lincoln County, Nevada.

A PROSPECTOR WITH CONFIDENCE.

Outfitted at Vegas for the Mountains Sixty-five Miles West.

W. R. Cunningham, a well-known prospector from the Funeral range and Death valley district, has been in Vegas outfitting for the mountains again. While here he purchased a burro train and provisions for a six months' campaign.

He has been prospecting in the Kingston range on the edge of Death valley, the divide of Wawatch and Funeral mountains, and found splendid gold showings, good lead indications and some copper showings. He states that the northeast of San Bernardino and south end of Onyo counties, California, have the evidence that with capital and development will prove them as great mineral producers. East of the Kingston mountains are the Shadow mountains, fully as mineralized as the other portions he has mentioned.

He considers these ranges first class fields for the prospector and capitalist. His confidence is such that with his pack outfit he will research them for the mine he is looking for.

IS IMPRESSED WITH VEGAS.

A letter from Pierre N. Beringer, editor, president and general manager of "Mining Topics," of San Francisco, to the writer contains the following pertinent passage: "Las Vegas has a great future, and we are going to try to boost that to the fullest extent. A mere matter of monetary consideration not cut a great figure with me. I should like you to send me from time to time any notes that you think would be of value in pushing forward your part of the country. We are always interested in this great desert west of ours, and your beautiful oasis deserves all that anyone can say of it. I have been so taken with the pictures of the Las Vegas Rancho that, with all my experience in roughing it over the country, I feel as if I would like to recline under those beautiful weeping willows and hear the sound of your purling brook."

"I am sure that the young lady who is looking at me from one of those photographs while she takes the crystal water out of the creek, is a most beautiful woman. If you have more of them like that in your country you should certainly have a population of 50,000 inside of ten years, and a population that at no time will be given over to race suicide."

A PRESAGE TO GREATER THINGS.

There Will Be a Railroad From Las Vegas to Bullfrog.

Senator William A. Clark says to Malcolm L. McDonald, "show me sufficient tonnage and I will build a railroad as his bond, and since the tonnage word of Senator Clark is as good as his hand, and since the tonnage in the great gold camp is an assured fact, there is no doubt of the railroad feeder via Las Vegas."