

# Walter Roscoe Stubbs

## ADDRESS TO THE HOUSE OF REPRESENTATIVES, WITH ATTACHED REPORTS, 1911

GOVERNOR'S OFFICE, TOPEKA, February 24, 1911.

To the House of Representatives:

With a view to furnishing the public with unquestionable information in regard to the various charges that have been made against this administration, I appointed, on the 3d day of February, three of the most reliable citizens of Kansas (two of whom are Democrats and one Republican) and authorized them to make a most searching investigation into all the accounts of every office in the state house for which I am responsible, and asked them to state the naked truth about any extravagance they might find in connection with the management of public business by this administration.

Judge J. C. Ruppenthal, of Russell, Mr. Geo. W. Marble, of Fort Scott, and Mr. Wm. Macferran, of Topeka, who composed this committee, personally examined every voucher and item of expense made by the governor's office during the fiscal years ending June 30, 1906, 1907, 1908, 1909 and 1910, and have this day submitted a report of their findings. The unusual delay in making this report was caused by Judge Ruppenthal being compelled to hold a session of court at Hays, Kansas.

Their report shows that during the last half of the fiscal year ending June 30th, 1909, under my administration, the expense were less than during the first half of the same year under the preceding administration. It also shows that with the exception of the unusual expenditures made to protect the property of the fish and game department from ruin, and for the enforcement of the prohibitory law along the Missouri border, the expense of the office under my administration during the fiscal year 1910 were less than the expenses in 1908 under my predecessor. The money used out of my contingent fund to maintain the fish and game department was merely loaned to that department, and will be repaid to the state during this session of the Legislature from the fish and game departments funds.

The average expenses used in the governor's office for the four years preceding the year 1910 for the enforcement of the prohibitory law was a little more than \$500 per year, while in 1910 the expenses amounted to \$2,686.14, or more than \$2,000 in excess of the average amount used for this purpose. This expenditure was absolutely necessary to stamp out open joints and saloons which had never before been closed in Kansas, and I have no apology whatever to make for having used the money for that purpose.

Mr. Orr's resolution makes a false statement concerning Attorney-general Jackson's expense account. He pretends to quote from the state auditor's biennial report, page 113, and deliberately misrepresents this report by omitting the words "and contingent fund for enforcing the anti-trust laws of the state" from his statement.

Mr. Orr charges Attorney-general Jackson with using \$3,551.18 traveling expenses during the fiscal year ending June 30th, 1910, and charges that a part of this money was used in connection with the primary and general election. Mr. Jackson has assured me that approximately only \$500 of this sum was used by him for his official traveling expenses, and that perhaps \$3,000 was used to pay the general expenses of prosecutions of cases, and to make deposits in courts, a large share of which will be returned to the state at the end of the lawsuits.

Mr. Orr's resolution concerning the bank commissioner's office is a tissue of false statements from start to finish. His tabulated statement shows an increase in the expenses of the bank department of \$8,000 from 1907 to 1908, and an increase of \$15,000 from 1907 to 1909, and to serve his purpose he shows that Mr. Dolley was bank commissioner in 1908, when as a matter of fact, Mr. Dolley did not become bank commissioner until the last three months of the fiscal year 1909.

Mr. Orr's resolution states that John Q. Royce had only four deputies when he went out of office when, as a matter of fact, Mr. Royce had eight deputies when he went out of office. Mr. Orr says Mr. Dolley now has thirteen deputies. The truth is Mr. Dolley only has eight deputy bank examiners and one special examiner working on building and loan associations. During the time that the bank guaranty law was being established in Kansas the Legislature authorized Mr. Dolley to employ four extra examiners, which he did, and discharged them promptly when the guaranty law was enjoined by the federal court.

Mr. Orr's resolution shows that Mr. Dolley used \$2,026 for traveling and incidental expenses. The facts are that Mr. Dolley used only \$76 for his traveling expenses during almost two years. The balance of the above sum was drawn in Mr. Dolley's name to pay extra stenographer, \$900; attorneys' expense in guaranty cases, \$349; incidental office expenses, postage, etc., \$700. Vouchers of file in the bank commissioner's office show these facts.

The average cost of the banking department to the taxpayers of the state during the past five years has been \$5,259.72. Last year the cost was increased to \$7,879.57 on account of establishing the bank guaranty deposit law. At this time the banking department is on a paying basis and we confidently hope it will pay all expenses during the coming two years. A false statement concerning the management of almost 900 state banks is little less than a crime.

Mr. Orr's resolution is nothing more and nothing less than an attempt to misrepresent, besmear and besmudge honest, faithful officials by juggling and misstating public documents.

I simply call attention to these false statements that the public may know the malicious, misleading and vicious spirit of this resolution. While assaults of this character are unpleasant to public officials who are using all their strength and energy for the public benefit, it is not likely that they will be harmful in the end, in so far as the state of Kansas is concerned, for the people here at home will find out the truth misrepresentation and jugglery of public documents. The principal use of this resolution which assaults in a most vicious fashion the men who have successfully enforced the prohibitory law, will be its circulation throughout the United States by brewers and distillers for the purpose of defaming the fair name of Kansas, and of discouraging prohibition in other states, and Mr. Orr has placed the brewers and distillers of America under deep obligation to him for his activity in this matter. In the name of the state and on behalf of the

decent people of Kansas I wish to protect against resolutions of this character that have no foundation in fact being made a part of the records of this Legislature.

The report of this committee together with an itemized statement from Bank Commissioner Dolley is herewith transmitted for your information.

Respectfully submitted. W. R. STUBBS.

## **REPORT OF INVESTIGATING COMMITTEE.**

To the Honorable W. R. Stubbs, Governor of Kansas:

The committee of three whom you requested to investigate the conduct of the executive department of the state of Kansas, so far under the direction or control of the governor, began work at once February 3, when appointed, and continued to the close of February 4th, 1911, since which time other officials duties precluded some of the committee from immediate further inquiry.

As no rules of investigation were prescribed by anyone, and as the naming of the committee grew out of charges and innuendoes upon the floor of the House in the 1911 session, more definitely formulated in the resolution offered by Representative Orr, of Atchison county, the committee thought it best to use said resolution as a basis for their inquiry.

The expenditures of the governor's office, as shown by the reports of the state auditor, and as repeated substantially in said Orr resolution, have been:

Hoch, 1906 Hoch, 1907 Hoch, 1908 Hoch-Stubbs, 1909 Stubbs, 1910

\$18,633.48 \$19,624.70 \$20,534.59 \$20,413.03 \$26,869.38

Each of the several hundred vouchers for this period, upon which the aggregate of \$106,075.18 was paid out, were examined by the committee in the files of the auditor's office. These were classed, according to the purpose of outlay, into 29 classes, as shown by the table hereto attached marked Exhibit "A" and made part hereof. All of the funds available for use by the governor's department were in the form of appropriations by successive Legislatures, for specific purposes, except the contingent fund. If these specific purposes were unwise, the blame in the first instance attaches to the Legislatures.

The contingent fund has been used for various expenses of the governor's office which could not determined beforehand with any degree of certainty, as postage, telegrams, telephone, express, etc.; also, emergencies, such as investigation of charges of abuses at state institutions, immediately when made; court costs and expenses in cases of state-wide interest in state and federal courts; attorneys' fees and expert advice; also attorneys' fees and expenses in enforcing the prohibitory law along the Missouri border.

The expenses of the governor's office for postage, telegrams, extra office help and enforcement of the prohibitory law, have increased during the present administration over that of the preceding one somewhat, while the expenditures for office furniture and fixtures, attorneys' (general fees of), investigations and court costs have decreased. For each year, 1906-1911, the Legislature authorized the use of \$2,000 a year for maintenance of the executive mansion, which each year has been used up almost entirely. In 1908-'09-'10 the Legislature appropriated \$2,000 each year for repairs of the mansion, which was largely spent for interior furnishings, decorations, etc., and less in connection with the permanent structure. There has been a gradual increase each year from 1906, except 1909, with a marked increase of \$6,400 in 1910. Of the latter, \$4621.68 was used for the fish and game department which the Legislature of 1909 had left without an appropriation, notwithstanding the state's investment which would be seriously

endangered in value by two years' neglect. There was also \$2,686.14 used to enforce the prohibitory law in a few counties where the local authorities were either apathetic, incapable, or hostile to said law. This was nearly \$2,000 more than had usually been spent for similar purposes. These two items of fish department and prohibitory enforcement make up an amount equal to the increase of outlay in 1910 over the preceding years. Respectfully submitted.

(Signed) Geo. W. MARBLE,  
 J. C. RUPPENTHAL,  
 February 21, 1911. WM. MACFERRAN,  
 Committee.

**ADDITIONAL STATEMENT.**

HAYS CITY, KAN., February 19, 1911.

The undersigned fully agrees with the majority of the committee that the report must be concise to be of public value to the mas of the people, and has therefore yielded to the views of his colleagues in reducing the report to the brief compass here given to it, but at the same time feels in doubt whether the extreme condensation may not be at the expense of clearness.

(Signed) J. C. RUPPENTHAL.

TOPEKA, KAN., February 21, 1911.

The undersigned wish to add that as Exhibit "A" is made a part of this report, and as it gives the facts and figures in detail for the entire expenditures, we favored as short a report as possible, believing the public would not appreciate exhaustive comment on our part.

(Signed) WM. MACFERRAN.

GEO. W. MARBLE.

EXHIBIT "A." Schedule of expenses of Governor's office, and appropriations under his oversight.

ITEMS.	HOCH, 1906.	HOCH, 1907.	HOCH, 1908.	HOCH, 1909(½)	STUBBS , 1909(½)	STUBBS, 1910.
Salaries of governor and office force	\$9,533.	\$10,176.	\$11,520.	\$6,059.	\$5,440.	\$11,213.
.....	34	59	75	12	88	75
Lieutenant governor	700.00	700.00	700.00	350.00	350.00	700.00
.....	2,500.0	2,500.00	.....	.....	.....	.....
....	0	200.00	...	....	....	...
Attorney Board Railroad Commissioners	400.00	.....	500.00	500.00	25.00	40.00
.....	500.00	...	606.10	1,107.1	.....	2,686.14
Attorney's fees, general cases of state	286.41	415.54	.....	7	....	400.00
.....	.....	.....	...	.....	220.97	33.00
To enforce prohibitory law, fees, expenses	....	...	.....	....	380.52	1,995.94
.....	1,998.9	1,998.11	...	.....	1,097.3	1,996.95



..... Freight on desks from House of Representatives to Penitentiary ..... Fish and game department, lack of appropriation .....						
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1. \$287 of this was for polling the Legislature about an extra session.

***IN REGARD TO HOUSE CONCURRENT RESOLUTION No. 16.***

**OFFICE OF BANK COMMISSIONER, TOPEKA, February 22, 1911.**

To the Members of the Legislature of the State of Kansas:

The figures regarding the bank commissioner's department are so misleading and so incorrect in some particulars that I feel called upon to place this document before you to correct the statements made therein. The resolution recites:

"The following comparisons show the increase of extravagance and the expense of administration of this office for the years commencing 1906 to 1910, inclusive, viz.: 1906. 1907. 1908. 1909. 1910. Royce, Royce, Dolley, Dolley, Dolley, \$16,708.89 \$17,720.00 \$25,788.69 \$32,778.91 \$39,639.81 and there has been appropriated for the year ending June 30th, 1911, the sum of \$47,250.00. (See state auditor's report, 1910, page 139.)"

For your information I desire to present to you the facts. This table shows that I have been bank commissioner during the years 1908, 1909 and 1910, covering the period of three fiscal years. As a matter of fact I was bank commissioner for just one year and three months of this period, being the last three months of the fiscal year ending June 30th, 1909, and the full fiscal year ending June 30th, 1910. The following statement shows the receipts and expenditures of this department for the fiscal years 1906, 1907, 1908, 1909 and 1910, without any showing being made as to the amount appropriated:

Expenses, all purposes, for fiscal year 1906, Royce, .....	\$16,708.89	
Receipts, all sources, for fiscal year 1906 .....	12,361.12	
Amount expended over the amount collected .....	_____	\$4,347.77
Expenses, all purposes, for fiscal year 1907, Royce, .....	\$17,720.00	

Receipts, all sources, for fiscal year 1907 .....	14,080.13	
Amount expended over the amount collected .....	_____	\$3,639.87
Expenses, all purposes, for fiscal year 1908, Royce, .....	\$25,788.69	
Receipts, all sources, for fiscal year 1908 .....	20,268.24	
Amount expended over the amount collected .....	_____	\$5,520.45
Expenses, all purposes, for fiscal year 1909:		
Royce, 5 months .....	\$13,450.00	
Albright, 4 months .....	10,760.00	
Dolley, 3 months .....	8,068.91	
	_____	
	\$32,278.91	
Receipts, all sources, for fiscal year 1909 .....	29,367.97	
Amount expended over the amount collected .....	_____	\$2,910.94
Expenses, all purposes, for fiscal year 1910, Dolley, .....	\$39,639.81	
Receipts, all sources, for fiscal year 1910 .....	31,760.24	
Amount expended over the amount collected .....	_____	\$7,879.57

By this statement it will be seen that the greatest difference between the amount expended and the amount collected under normal conditions was during the administration of Mr. Royce. For the years 1906, 1907, 1908 and 1909 the smallest difference between the amount collected and the amount expended was for the fiscal year of 1909, this difference being less on account of double examinations and a consequent doubling of receipts.

I now desire to explain the difference between the amount collected and the amount expended for the fiscal year of 1910. The Legislature of 1909 passed the bank depositors' guaranty law. It was considered advisable that four additional deputies be appointed for the purpose of getting the banks, which applied to come in under the guaranty law, examined at the earliest possible moment after their application was received, and that there should be a sufficient number of deputies to enable them to do this work carefully and thoroughly. With this idea before them, the Legislature in its wisdom provided for four additional deputies and one additional stenographer. These four deputies and the stenographer commenced work on July 1st, 1909. In December of that year the commissioner was enjoined from carrying out the provisions of the law and three of these deputies were relieved from duty, the fourth being assigned to field work in the examination of building and loan associations. For your information I will say that the law requires building and loan associations to be examined, but this law has not been complied with by my predecessors. The amount of fees paid by building and loan associations is wholly inadequate to meet the expenses of examinations, but complying with my plan duty in the matter I have made much research and have started a thorough audit of the building and loan associations doing business in this state. A bill is now before the Legislature providing for fees which will take care of the expenses in connection with the examination of building and loan associations as provided by law. The extra expense caused by the employment of the four additional deputies and the additional stenographer under the guaranty law and the incidental expense in connection with the examinations of building and loan associations amounted to a total of about \$6,000.00. Had it not been for this additional expense, the difference between the amount collected and the amount expended for the fiscal year ending June 30, 1910, would have been less than for any of the five years enumerated.

By this table, it will also be seen that the banking department has practically paid its own way for the past five years, it only costing the taxpayers of this state the small average sum of \$5,259.72 per year for this period.

House concurrent resolution No. 16 further recites: "Up to the time Mr. Royce went out of office he had four deputies with salaries aggregating \$7,200."

The author of the resolution probably overlooked the fact that in February, 1908, during Mr. Royce's administration, at a special session of the Legislature, a law was enacted which provided for an assistant bank commissioner with a salary of \$2,000 and four additional deputy bank commissioners at a salary of \$1,800 each, and for the payment of same a blanket appropriation of \$20,000 was made, more than \$10,000 of which was spent prior to the time I assumed the duties of bank commissioner. So that, as a matter of fact, during Mr. Royce's last year in this office he had eight deputies with salaries aggregating \$14,400.

The resolution further recites: "The present bank commissioner has thirteen deputies with salaries aggregating \$23,000."

As a matter of fact there are but eight filed deputies or bank examiners at this time, the same number employed during the last term of Mr. Royce's administration, notwithstanding that there are over one hundred more banks than there were at the time of the appointment of the last four deputies under Mr. Royce's administration. The only additional employees in this office to those

employed by Mr. Royce at the expiration of his administration are, one stenographer made necessary by additional work entailed by the operation of the guaranty law, one stenographer made necessary by the extra work entailed on account of the stock investment department which I have maintained out of my contingent fund, and one deputy who is employed in examining building and loan associations, which the law requires to be examined, but which have never been examined by my predecessors.

The resolution further recites: "For the year ending June 30, 1909, the traveling expenses and contingent fund (auditor's report 1910, page 31) of the bank commissioner's office was \$6,500, and the same fund for the year ending June 30, 1910, was \$10,500."

Regarding this increase from \$6,500 for the fiscal year of 1909 to \$10,500 for the fiscal year of 1910, will say that of the \$10,500 appropriated for the fiscal year of 1910, \$2,463.26. During the fiscal year of 1909, when the \$6,500 was expended, the department employed eight field deputies, while during a large part of the fiscal year 1910, when the \$10,500 was expended, there were four extra field deputies at work, appointed under the guaranty law, making twelve in all, and of course this would increase the amount expended, and considering the extra examinations and other necessary expenses in connection with the guaranty law, and the examination of building and loan associations, I think we have done remarkably well.

The resolution further recites: "The traveling and incidental expenses of this office for the year ending June 30, 1910 (see auditor's report 1910, page 114), were as follows:

J. N. Dolley.....	\$2,026.12
F. S. Jackson.....	138.50
J. E. Ryberg.....	985.71
P. S. Hollingsworth.....	279.97
J. M. Reynolds.....	670.95
V. C. Raines.....	254.16
M. M. Rowley.....	248.16

and numerous others, names and amounts being set forth on page 114 of the state auditor's report for 1910."

Referring to the first item, "J. N. Dolley, \$2,026.12," I will say that of this amount only \$76.70 was expended for traveling expenses, the balance being drawn by J. N. Dolley for salary for extra stenographer, \$900, attorney's expenses in guaranty case, \$349.42, and incidental office expenses, postage, etc., \$700. If the author of this resolution had taken the trouble to look up the vouchers in the auditor's office he could have informed himself just what this money was drawn for.

Regarding the item, "F. S. Jackson, \$138.50," will say that this amount was paid by Mr. Jackson to the clerk of the circuit court of appeals at St. Paul, for the costs of printing briefs in the guaranty suit.

J. E. Ryberg, P. S. Hollingworth, J. M. Reynolds, V. C. Raines and M. M. Rowley, mentioned in the resolution, were at the time this money was drawn, deputy bank commissioners, and the amounts set opposite their names was money actually and necessarily expended while discharging their duties as such and the amounts averaged about the same for the period which these men were on duty as for any other period for the past four or five years.

Referring to that part of the resolution which reads: "Detailed estimate for appropriations for this office required for the fiscal years of 1912-13 are as follows:

Estimate for 1912.....	\$44,400
Estimate for 1913.....	39,400

The estimate for 1912 is increased because of the demand 'for employment of expert accountants to examine building and loan associations, \$5,000.' "

The banking department is not intended to be a revenue producer, nor is it intended to be a burden upon the tax payers. An effort is made to have the fees received pay the expenses of this office, and under present conditions it will very nearly do this, provided, of course, that the proposed building and loan law goes into effect. While I am asking for the appointment of a building and loan examiner and for a lump sum of \$5,000 to pay for this examination of building and loan associations, there are about fifty of these associations in the state which have never been examined and my experience thus far in the work has shown me the wisdom of making these examinations. The first examination will be the most difficult and most tedious, and after they have been examined once it is thought that one examiner will be able to do the work, but the first examination should be made as promptly as possible to correct any evils which may exist in the conduct of these institutions.

During the campaign of 1910, charges were made by certain candidates for state office that much extravagance was being practiced in the management of the bank commissioner's office. House concurrent resolution No. 16 was introduced primarily for political purpose, pretending to show extravagances committed by this department, and it is alleged that unnecessary additional taxes were levied upon the people of the state of Kansas. Whereas, as a matter of fact, as I stated before, this department has cost the tax payers of this state the very small average sum of \$5,259.72 per year for the past five, the banks themselves paying the balance of its expenses, and I wish to further state that if the laws asked for by this department are passed by this Legislature this department will be practically on a self-supporting basis in the future. I do not believe there is a single banking department of any state in the Union that can show a better record.

As to the work of the banking department as now constituted, I have no apologies to offer. The volume of work transacted is more than double the amount transacted by my predecessors. Every person connected with this department is giving a full day's work for a day's pay and many of them are obliged to work over-time for which they receive no extra remuneration. Considering the amount of work done it is more economically managed than any department I know of in the United States, and I challenge any of its critics to prove otherwise. I do not believe that the banking department of the state of Kansas should be maliciously attacked by designing politicians who manipulate and juggle the facts and figures and try to dishonestly mislead the Kansas people.

I refer you to any and all of the state banks in Kansas as to the efficiency of this department, and the results being obtained from its work, compared with the banking department of any of the other states and its improvement and advancement during the past two years. The banking department has nothing to be ashamed of and I court an honest and searching investigation of all its affairs. Nothing but good can result from such an investigation. I am proud of this department in so far as my administration of its affairs is concerned.

This is respectfully submitted for your information and consideration.

Very truly yours, J. N. DOLLEY,  
Bank Commissioner.

Transcribed from: To the House of Representatives, February 24, 1911.

[Topeka? : Governor?, 1911?]

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