## OUR NAVY YARD

The Alleged Frauds in the Pur chase of Tools-Report of the Sub-Committee of the House of Representatives.

From Our Own Correspondent. Washington, Jan. 28.-After considerable labor, and an amount of strategy which would do credit to General McClellan, I have sucoccided in obtaining a copy of the report of the Neval Committee appointed to investigate the

alleged frauds in the purchase of tools and machinery for the Philadelphia Navy Yard, It is as tollows: -

[Our readers should bear in mind that this is the report of the sub committee, of which Judge Kelley was charman, appointed by the Naval Committee. Chief Engineer Zeller is now offering additional evidence on his side of the question to the Naval Committee itself. It is thought that the committee will make a final report in the whole matter before many days, and we will lay it before our readers as soon as and we will lay it before our readers as soon as it is published. The report jurnished by our correspondent reached us at such a late hour that we are unable to give all the testimony in de'all, so we merely give the substance.—En. Evening

Mr. Kelley, from the Committee on Naval

REPORT.

The Naval Committee beg to submit the following report on the purchase of tools by Theodore Zeller, Chief Engineer of the Phila delphia Navy Yard. The committee, in the performance of the duty committed to them, appointed a sub committee to proceed to Pauladelphia and examine the tools recently pur chased, and take such testimony as would enable the House to judge of the regularity and legality of the purchases of the tools in question. That committee, having performed its duties, presented the following report, which is respetfully submitted:-

To the Navai Committee of the House of Representatives—Gentlemen:—The sub-committee appointed by you to proceed to Philadelphia, under the resolution of the House of Represen-tatives instructing the Naval Committee to inquire into the regularity and legality of the purchase of planing and riveting machines, Cameron pumps, and tools and machinery gene-rally, by Theodore Zeller, Chief Engineer of the Navy Yard at Philadelphia, respectfully report that they proceeded to Philadelphia, and, attended by Theodore Zeller, Chief Engineer, and John Bowbotham, master machinist of the yard, made a personal examination of the tools. riveting machine, and pumps in question, to-gether with the buildings in which they were placed, or intended to be placed. They also examined the following named persons as witnesses:-Emil Goldstein, draughtsman of department of steam engineering; John Row. bothum, master machinist; James P. Muon, clerk of the department of steam engineering George R. Johnson, chief engineer United Navy, on duty as inspector of terial, or inspecting engineer; David Hennessy, late quarterman of the machine shop; William A. Palmer, present quarterman of the machine shop; Edward Ball, Charles Henry, John Dorsey, and Joseph E. Connor, machinists employed in the yard who had had experience in the use of the tools; J. Shields Wilson and John Birkbeck, superintendents of large esta-blishments for the manufacture of seam engines, boilers, etc.; William B. Bement, of the Industrial Works, Philadelphia; Theodore Zeller, chief engineer of the yard; John Roop, his assistant engineer, and William W. Wood and Alexander Henderson, chief engineers in the navy, who, at the suggestion of Mr. Isher-wood, engineer-in-chief United States navy, were detailed for that purpose. The committee also examined John Roach, of the Etna Iron Works, who craved a hearing. They also com-municated with William Sellers & Co., tool manufacturers, from whom they received such papers and information as they required.

THE ORIGIN OF THE INQUISY.

The purchases which led to this investigation, and upon which the inquiry is based, were 21 tools purchased of John Roach & Sons, of the Etna Iron Works, New York, at a cost of \$42,425. The condition of the tools had attracted the attention of citizens of Philadelphia in no wise connected with the manufacture of tools or machinery, or the furnishing of materials therefor, but who had throughout the war taken a patriotic interest in the success of our navy and the reputation of Philadelphia in connection therewith, and who felt themselves impelled by conscientions motives to bring the matter to the attention of the Navy Department. In compliance with their suggestion, as your committee learned in the course of the inquiry, a board of engineers had been designated to investigate the matter, and had reported an approval of the purchase as the result of their investigation; whereupon an appeal was made by the citizen referred to to their representatives for a further investigation of the matter. In response to that appeal the House adopted the resolution under which the committee is acting.

THE CHARACTER OF THE TOOLS.

Mr. J. Shields Wilson testified that he was a mechanical engineer and machinist of sixteen years' experience; had been employed as a draughtsman with I. P. Morris & Co., and was at present superintendent of the Penn Works of Messrs. Neatie & Levy; he considered the large planing machine a first-class tool, but the worse for wear, and it would require considerable expense to put it in order; the brake-lathe was not first-class, and had not modern facilities; it was fully fifteen years behind the times, but was in reasonably good order for a second hand machine. Mr. Wilson explained in detail his reasons for considering this tool inferior and incapable of the work that it ought to do. He thought that the best tools were always the cheapest. The double headed lathe he considered pretty well worn out; an old-style tool. With regard to the other secondhand tools Mr. Wilson testified that they were in tolerably good order, but old-tashioned and not capable of the same work as the new pattern now in use in all the best shops. In all large shops, like that of Morris & Co., they allow five per cent. per annum for the depreciation of the value of tools. There had been great improvements in lathes within the last fiteen years, and the one under consideration was not only old-lashioned but it was defective in many respects. It suited up a shop for himself he would rather buy tools of Bement & Dougherty or William Sellers & Co., at an additional cost of 54 per cent, than the second hand ones at the Navy Yard.

Mr. Rowbotham, the machinist of the yard confirmed the testimony of Mr. Wilson. Mr. Hennessy and Mr. William A. Palmer, quatecthe sard, testified that the tools fur nished by Roach & Sous were not of the approved styles, that they did defective work and that the workmen complained that they could not do first-class work on them.

Charles Henry, John Dorsey, James E. Con-nor, and Edward Ball, machinists employed in the yard, testified that the double-headed lathe was fifteen or twenty years old; that it never was a first-class tool; that it was out of order, requiring to be adjusted before use, and that they could not do first-class work upon it. Mr. John Birkbeck testified that the large

lathe never was, in reality, double headed; that it was not modern in style, and was not, in his opinior, a first class tool; he would not give it shop-room if furnishing an establishment, if he had the option of a modern boring mill.

Mr. Birkbeck thought that the planers were good, useful tools, but not equal to those built He had never seen a riveting machine the one at the Navy Yard. Mr Birkbeck said that he usually made an allowance of ten per cent. per annum for the deterioration of sools. The tools were not in accordance with the stipulations under which they purported to have been bought, namely:—"That they should be first class, with the latest improvements, and equal to any in the country, and especially adapted to the construction of marine engines at the present day."

THE INSPECTION AWARDED THE TOOLS. The committee, before leaving this branch of the subject, have to remark that the antiquated

Story was approved

character and dilapidated condition of many of these tools was brought officially to the notice of the engineer department of the yard before they were received and approved by the in-specting engineer and the chief engineer, and paid fer. The committee examined at great length Mr. George R. Johnson, chief engineer in the United States navy, on duty as inspector of materials at the Philadelphia station; and though his testimony is uncertain and contradictions are stated as a second contradiction.

dictory on many points, it abounds in incidental proof that one employe of the Government (namely, Mr. John Rowbotham, the master machinist) sought to protect it from the wrong done by the purchase of these tools, and that the engineer department accepted them after receiving notice from him of their imperfect condition.

In compliance with the request of the committee, Mr. Johnson produced a copy of the instructions issued to him as inspecting engieer. The Instructions are in the form of a circular, issued to the commandants of the different stations. From the copy produced by Mr. Johnson the committee make the following

Xou will direct that In receiving and inspecting stores and enaceriats offered by contractors with this bureau, and on open purchase, that every article be rigidly inspected, and none accepted that are not of the very best quality of their kind, and are such as the contract or the requisition for open purchase requires, and that every article received be correctly weighed, counted, or measured, as the kind regatres. Files of inferior quality have often been accepted at the yards. You will direct that hereafter each file be closely inspected, and none received that are imperiest, or are falsely labelled, or time are not, in every respect of the best quality, and such as the schedule specifies.

The allusion to files is the only reference to

The allusion to files is the only reference to tools in the circular letter of instruction. It is, lowever, significant enough to show that the author of that circular appreciated the importance of turnishing the workmen employed by

the Government with first-class tools, Mr. Johnson swears that it was his duty, as inspector of materials, to inspect the tools pro-cured for the engineer's department from John Roach & Son. As no condensed synopsis of the testimony of this gentleman could convey any idea of his want of consistency, the committee will permit him to speak for himself at considerable length.

Mr. Johnson testified that he inspected the tools when brought to the yard, and found that there were some small parts broken, and some portions were more than he thought they should be. He saw Mr. Roach about it, and that gentleman said he would make good all the defects. The counter shaftings of the lathe are an essential portion, but are not generally furnished with the tools; many of these were not to have counter shafts.

The committee deem it proper, in connection with the last suggestion of the inspecting engineer, to remark that an express stipulation of the contract of purchase was that the tools were to have all counter shafting and pulleys com-Mr. Johnson read from a manuscript the ollowing complaints made by master machinist

The first on the list was that the double head lathe wants one bracket for holding in the feed screw, one bracket for holding in the reversing shaft—the bracket sent for these purposes does not fit, and cannot be used on account of the tie pieces that hold the lathe together. It wants also two five-eight studbolts on the forty sixth inch end of the lathe. It wants the bolis that run across the shears taken out and laid two inches lower, as they interfere with the travel of the tool rest. The 36 inch planer wants a pulley in place of a broken one; it wants four new small gearwheels in place of those on the machines, too much worn; one hanger of the gear cutter has the lug broken which carries the belt shafting apparatus. The boring machine wants eight bolts one inch square and four feet long. The five foot six inch planer wants 16 boits, also four new cogs to the pulleys and gear wheels; 1; wants two hangers and countershaft, and one pulley for the over head shaft of the planer. The 28 inch planer wants countershafting; the 22 inch planer wants counter-shatting. This memorandum is not dated, but the letter in reply was dated, I think, in December, some time before Christmas. This is a note made by my orders by the draughtsman, who made a note of all the things complained of by Mr. Rowbotham. Mr. Roach then came on here with a man, and he said he would make

everything as good as new. on think that commu December; was that before or after these articles had been paid for? A. It must have been before, because I did not pass them when found these things wanting.

It may not be inappropriate for the committee to remark, at this point, that the bill for these tools was approved by Mr. Johnson and by Chief Engineer Zeiler on the 31st of October; so that, of the conversation referred to occurred in December, it was a month after Mr. Roach had

Mr. Johnson testified at considerable length as to his manner of inspecting tools, and his evidence seems to indicate that he was not as particular as he should have been to see that all the requirements of the contract were carried

It may be well for the committee to state that in all requisitions for tools made upon esta-blished manufacturers of those articles, the following stimulations are embodied:-

All of the above machines to be of the best material and workmanning, in accordance with the specifications drawn up by the chief engineer of the pard, to be subject to his inspection at any time during their manufacture, and not to be received unless found entirely satisfactory to him. To be delivered at the Philade phia Navy Yard, with all counter-shafting, policys, nangers, wrenches, handles, etc., complete.

These saintary stipulations were in part omited from the requisition for the tools of John Roach & Son. In lieu of them the following were inserted:-

The tools to be of the most approved design and in perfect working order, of which the chief engineer of the jord must have satisfactory evidence before they will be accepted. The whole of the above machines to be delivered with all counter-shafting, palley, etc., complete, at the Philadelphia Navy Yard, free or any extra charge to the appended prices and to be in first-rate working order, of which the chief engineer of the yard is to be the judge. The difference is very marked, and with re-

ference to the second-hand tools, the construction of which could not be superintended, may be accounted for; but why this salutary clause should have been withdrawn from contracts for new tools, which, it is alleged, are to be heavier than any manufactured elsewhere, and the pro-duction of which requires a number of months, it is difficult to perceive. Nor, as will be per ceived, could Mr. Zeller, who made the requisition, assign any plausible reason for it, nor indeed, any other than that he was in the habit of devolving the duty of preparing such papers on his draughtsman (Emil Goldstein), who had seen fit to change the phraseology. In answer to the question, "Wny the language of the requisition on Mr. Roaci differed from all the others produced to the committee," Mr. Zeller said, "I cannot tell; the person who brought the second one wrote the first. Mr. Roop and Mr. Goldstein went to Bement & Dougherty and Sellers & Co., and did the business. Why they made that change I do

not know. The following is a portion of Mr. Zeller's testimony in full:-Q. Had requisition No. 6 contained the clause found in your other requisitions, to wit, "to be of the best material and workmanship, and to be in accordance with specifications drawn up by the chief engineer of the yard, subject to his inspection at any time during the process of their manufacture," could you have bought second-hand tools? A. No, sir; not by any

means; that must have been made bran new. Q. Did not the omission of that clause oper the way for you to purchase second-hand tools : A. I was ordered by the department to buy

second-hand tools. Q. I repeat my question:—Could you have bought those tools had not the clause contained in other requisitions been omitted in this? A.

No. sir: of course not. Q. Then, I ask, was not that clause omitted in order that the tools already constructed might be purchased? A. It never occurred to me before why Goldstein did not write it like the others, and why he omitted it. I only know that I went to buy these second-hand tools, and

presume Mr. Goldstein knew that. The witness being shown a copy of an order from B. F. Isherwood, Chief of Bareau of Steam

NAVY DEPARTMENT, BUREAU OF STRAM ENOINEMBING, Jude 16, 1867.—Bir:—Proceed to New
York, to the Eina Iron Works, and examine the
large tools for sale there, with a view of ascertaining
if any are suitable for the shops of the Philadelphia
Navy Yard under this bureau; and if so, With e prices
are such as to make their purchase desirable. Should
you find any of these tools desirable and of the proper price, you will make a requisition for them, and
state whether they are to be in addition to those required on requisitions No, 170 and 180, of May 16, 1867,
or to be ambittuded for any on those requisitions.
After having made those examinations, you will resume your usual duties. Respectfully.
Chief Engineer Theorems Zeller, U. S. N., Navy
Yard, Philadelphia, Pa.

Q. Did you proceed, under that order, to New

Q. Did you proceed, under that order, to New York and examine the tools of John Boach & Son? A. Yes, sir; I did examine them; I got the assistance of Chief Engineer John Long in examining the tools, and he passed his judgment upon them. I asked him to accompany me; he

bad been employed as Government Superintendent at Roach & Son's shop.

Q. The order is dated June 15. How soon did you proceed? A. Soon afterwards.

Q. How long a time did you devote to the examination? A. If I remember right I was in New York two days; I was at the work only one

How far Mr. Zeller was controlled in the selection of tools by the known wants of the Bureau of Steam Engineering at the Philadelphia Yard, is thus clearly shown by his testimony. It is true that, in answer to a question as to whether he determined the size, length, and swing of lathes be wanted by the size, length, and swing of tools that he found in Mr. Roach's shop, he had answered, "No, sir; the plan of the floor of the machine shop here governed that." How falthful that answer was will also appear by the

following extract from his evidence:—
Q. Had the necessity for these articles been suggested to you by Mr. Goldstein or Mr. Roop before you went to New York? A. No, sir; i went under instructions to see what I could find and to consult, and I submitted these to my assistant and asked if they would suit.

Q. You have already sworn to these papers which show that requisitions Nos. 179 and 180 were cancelled by requisitions Nos. 194 and 195. What requisition was cancelled when you made No. 6, under which you made the Roach pur-chase? A. When requisition No. 6 was made it

was to take the place of these (173 and 180).
Q. Your requisition No. 194 was made June
28, and took the place of No. 179; your requisition No. 195 was made June 28, and took the place of No. 180; your requisition No. 6 was July and you say it was a substitute for another; ask what requisition it substituted? have made a mistake; you have puzzled me in

the whole matter, Q. I have placed before you copies of official papers furnished from your department; how have I puzzled you? A. I can give you no further explanation of the subject.

Q. Did requisition No. 6 substitute any other requisition? A. I really do not know: I don't remember these things; my clerk can give you more information than I. Are you the chief of the department, or is Mr. Goldstein? A. I am the head of the department.

Q. Then I ask you if requisition No. 6 substituted another or not? A. I cannot tell you on Q. Who can tell? A. I think the store clerk,

Mr. Munn. Q. Can Mr. Goldstein? A. Probably he can. Chief Engineer Zeller further testified that he was not a practical machinist, and disclaimed any familiarity with the comparative working of different machines such as are in use in shops for the building and repair of steam engineering. When asked, "Is it not your business as superintendent of the machine shops of the navy yard to be familiar with the style and capacity of machinery?" he said, "I think not of these little details; I have never attended to it in my life." The following portion of his

testin ony deserves special attention:

Mr. Zeiler said that he thought the boring machine was the best he could get for the purpose; the idea of improvement for the last ce or twelve years was all bosh, and no one could name anything that was not an attach-ment for which extra would have been charged. The screw-cutting lathe he considered the handlest tool in the shop. He did not know whether the double headed lathe was so originally or not; it was double headed now, and he knew nothing whatever about its history.

The response of the chief engineer to the next

will be pardoned for inviting special attention to it. Every witness whose attention was called to this miscalled tathe alluded to the fact that its centres were not opposite as a detect in the The chief engineer, however, differs with them all. His answer to the question, "Are its centres opposite?" "No, sir; and never were intended to be; but the condition was that the tools were to be put in as good order as new once. I do not mean to say the specification, but the written agreement of Mr. Roach conkined this condition."

Q. (To Mr. Zeller.) This is your specification, is it not? [Paper examined by witness.] Does it not require the tools to be of the most approved design and in perfect working order, and that double-headed lathe of the most approved design and in perfect working order? A. I don't know; I was not here when that tool was in-

You are the chief engineer? A. Yes, sir. Q. You bought it? A. Yes, sir. Q. Were you satisfied at the time that you made the requisition that it was of the most approved design and in perfect working order? A. I was satisfied; and if anything was the matter which I did not detect, that it would be made

good and put in perfect working order,
Q. What satisfied you? A. The agreement was made with me in conversation about these things. I said, "Should anything be the matter with these you must repair them." He said, "I will do it; I will make it as good as new.
Q. Have Mr. Boach & Son repaired one of
the pieces of machinery sold to you and found to be defective? A. That I don't know; not to my knowledge. Q. What bond did you take from him that if

delective he would put them in order? A. Nothing but his word; I took no paper.

Mr. Zeller thought that the tools at the Allaire Works, New York, had been thereforty

years: these must be a little worn, but the worn oarts could be renewed.

O. You bought these tools, relying on Mr. Johnson to inspect them closely when de-livered? A. I thought nothing of the inspection Johnson to at the time, because I thought they would be

made right by Mr. Roach before they came. O. Would you think that an inspecting engi neer had done his duty if he had let them pass because he knew an engineer had been in New York and seen them run, and then had them sken down and sent here? A. I should think he had overlooked his duty.

Q. If the chief engineer buys tools upon the promise of a gentleman that he will put them in order, and the inspecting engineer passes them without objection because the chief engineer has examined them, what is there to guard the rights of the Government? A. I do not think that he has any right to do that.

Mr. Zeiler stated that the counter shafting, previously mentioned, had not been sent, but think that he was expecting it every day, The confidential character of the relations between the bureau and John Roach & Son is well lilustrated by the following extract from

Mr. Zeller's testimony:—
Q. Where is the guarantee? A. The offer to furnish these things.

C. Then you have no guarantee? A. None excepting that agreement which he made with

me, and on which I ordered the things.

Q. That letter which you claim to be a guarantee is all the guarantee upon which you hold Roach & Son for the fulfilment of their promise to make good any deficiency? A. In point of law it would not be a sufficient guarantee, but I have no doubt he will do it.

Q. If he had legally bound himself to do so. Q. If he had legally bound himself to do so, have you not released him by certifying on the

bills that they are "quantity and quality correct?" A. I think so; but a man in such a large establishment would never take advantage of such a little quibble as that.

Mr. Zeller, speaking of the patent riveting machine, said this machine is superior to any in use; whereupon he was asked whether he had not said that there had been no substantial improvements in tools for making steam- of similar dimensions to many of these, in

Q. That in tools for the construction of boilers improvements have been made, but that in tools for the construction of engines none of a substantial kind have been made? A. None that may be called practical; there have been many tachments.

affactments.

Were the committee disposed to attach much importance to Mr. Zelier's judgment as a mechanic, or to the value of his testimony, they would be compelled to conclude that the riveting machine in question is for very peculiar and special work, as there is little riveting done in marine engines except in the boilers. the question of the improvements in machinery, the committee beg leave to present the opinion of Chief Engineer Zeller, in conjunction those of the chief engineers who were detailed as experts by the Engineer-in-Chief, viz., Mesers, Henderson and Wood, first presenting Mr. Zeller's, which was as follows:-

Q. What is the annual percentage of benefits to machines by improvements? A. I don't know of any; the improvements are all on little things that are specialties, and they are charged extra in the price of all tools. The description of tools is precially the description of tools is precisely the same now as ten years ago.

Q. Have there been no substantial improve-ments in this class of tools within the last ten years? A. I don't know of anything that is of any beneuit in marine machinery; there are attachments whether they are improvements is a thing that few will admit,

On this point Chief Engineer Henderson, of the Boston Navy Yard, testified that during the last twenty years there had been marked improvements in tools for building engines, marine and otherwise. He thought that the perfectness of machinery at the present day, over what it was twenty years ago, is very much due to the improvements in the size and style of the tools. He thought it was economy in all the shops to use the latest improvements, although many things were styled "latest improvements" which did not add to the efficiency. Chief Engineer W. W. W. Wood testified to the

First Assistant Engineer Roop sustained the opinions of Chief Engineer Zeller, that secondhand machinery is equal to new, if kept in repair. All work could be done on the tools under consideration that could be done on the

most modern constructed tools.

PARRICATED EVIDENCE. The examination of the tools and the testimony satisfied the committee that the purchase of these second hand tools was most injudicious. In the judgment of the committee, the space for several of them would be more valuable to the proprietor of a well appointed machine shop, or a person fitting up a machine suop for active competition in the neighborhood of wellappointed shops, than the tools themselves, This is believed to be true of the boring bar, the brake lathe, the imitation double headed lathe, and the 36 inch planer, for which the Bureau of Steam Engineering paid John Roach & Son \$17 059. That those who had made the purchase did not feel it safe to submit the transaction to investigation upon its merits, was made apparent in the early upon its merits, was made apparent in the early stage of our proceedings; for, when the committee called upon the chief engineer of the yard for a list of the tools he had purchased, and the prices paid for them, that officer, through Emil Goldstein, his draughtsman, who had prepared it, produced an elaborately arranged sheet, headed:—"List of tools and machinery contracted for by the Eina Iron Works, New York, John Roach & Son proprietors, showing the price at which the contract was awarded, and the bids of other manufacturers for tools, etc., of the same kind and of turers for tools, etc., of the same kind and of

the same or nearly the same capacity. All prices include cost of transportation to the Philadelphia Navy Yard."

This exhibit disclosed the fact that, in addition to the 21 tools hitherto referred to, which been purchased at a cost of \$42,425, contracts had also been made with flessrs, Roach & Son for 17 other tools for which they were to be paid \$51,423. The statement conveyed to the mind of the committee, as it was evidently firms whose prices were said to be set forth in parallel columns to the prices of Messrs. Roach & Son had been invited to bid for all these tools, and had bid for most of them, and that the prices set under their names, respectively, for equivalent tools had been taken from their bids. These firms were Messrs, Bement & Dougherty and William Sellers & Co., both of Philadelphia. Upon this exhibit, nor in any paper accompanying it, was any altusion made to the fact that the offers from these firms, if any had been made, were of new tools, and that more than forty per cent, of Roach's were more or less worn, second hand, old-style tools: but, on the contrary, appended to it as a note was

the following:-"The contract and offers by John Roach & Son require ALL of the above-named toots to be of the best workmonship and design, in perfect working order, and EQUAL TO ANY IN THE COUNTRY."

The note being so emphasized as to require the use of small capitals and italies, as above, should it be put in print.

By this exhibit it appears that the cost of the tools from Roach & Son will be \$93,848. It purports to be a comparison of the prices of icular tools, but not of the total cost, had they all been procured from the other firms, who are represented as having made no bids for a number of the tools.

It also contains a broad column headed "Remarks," purporting to be explanatory, but from which the committee could derive but little aid. Indeed, the observation of the committee, aided by the testimony of the witnesses who represented Bement & Dougherty and Sellers & Co. made it apparent that the object of the remarks was not to illustrate but to conscure the point at issue. Thus, opposite to the brake-lathe the remark is simply. "This kind of tool is not manufactured in Philadelphia;" but does not, as it should, also say, "or anywhere else, because

it was long since superannuated." Again, opposite to the boring bar, which is lesignated as a "boring mill," the remark is:-"Bement & Dougherty's bid is for a boring and turning mill of different construction;" but does not also say, ' such as are now in universal use to the exclusion of the kind purchased,"

And again, opposite to a planer 12 feet between housings, 20 feet travel, the remark is:—
"Bement & Dougherty's tool admits only 10 feet;" but omits to add that it was, as required by the specification on which it is alleged offer was obtained, of 45 feet travel, and therefore involved about double the amount of metal and workmanship.
The production of this exhibit involved the

investigation of several collateral questions among which were whether the antique and well-worn tools of Roach & Son were, as set forth, the equivalent of the new tools of Bement & Dougherty and William Sellers & Co.; whether John Roach & Son had established an equal reputation with those firms as producers of tools of the character in question; and whether Be ment & Dougherty and William Sellers & Co had been called upon for, and had made bids for, any or all of these tools; and it so, whether their prices were fairly stated? The solution of these questions reflected but

little credit upon the integrity of the manage-ment of the department of steam engineering at the Philadelphia Navy Yard, or the conduct of the engineer-in-chief of the navy in approving requisitions for these tools, under all the circometances of the case.

The committee deem it proper to remark, in this connection, that the proof is overwhelming that the statement of bids and prices of the firms of Bement & Dougherty and William Seilers & Co., had been lugeniously isbricated for the purpose of covering up this transaction or giving it a favorable gloss, and that no bids for these tools had been solicited from either of these firms. Among the pavers furnished the committee by the department was found irrefutable proof that it had in its possession, at the time of this purchase, price lists of those firms, showing that they would have furnished tools

Engineering, acknowledged it to be a correct copy of the order referred to. It is as follows:—

NAVY DEPARTMENT, BURRAU OF STRAM ENGINEERING, June 15, 1857.—Froceed to New York, to the Eins Iron Works, and examine the large tools for sale there, with a view of ascertaining if any are suitable for the shops of the Philadiphia would find any of these tools desirable. Should you find any of these tools desirable and of the processor, or to be sabstituted for any on those requisitions.

August, 1866, at lower prices than were paid John Roach & Sen in July, 1867, and Januacy. 1868, although the markst price of this class of tools has steadily depreciated since the close of tools has steadily depreciated since the war reduced the demand for them. But, worse than this, the prices of tools has steadily depreciated since the close of tools has steadily depreciated since the war reduced the demand for them. But, worse than this, the prices of tools has steadily depreciated since the war reduced the demand for them. But, worse than the steady depreciated since the war reduced the demand for them. But, worse than the steady depreciated since the war reduced the demand for them. But, worse than the war reduced the demand for them. But, worse tha we shall recur hereafter.

COMPETITION BIDS AND PRICES. Passing from this question, the committee proceed to consider the farmers of the price for these tools, whether old or new, and to determine whether competitive bids for them were solicited or received. That such bids were solicited or received from Bement & Dougherty and William Sellers & Co., the members of both these firms positively desired. Each firm stated that they received from the Bureau of Steam Engineering, during the month of August, 1868, an informal request for their prices of a number of tools, to which request the former are responded on the 24th of August, 1866, embody responded on the 24th of Angust, 1800, emblaying in their note a distinct announcement that the prices were submitted here "subject to changes in cost of building," This was done, as the committee were informed, because the market for tools had stendily declined from the close t the war, in the spring of 1865, and was then declining.

The response of Messrs, Sellers bears date August 30, 1866. Regarding the request, as did Burnt & Dougherty, as a mere preliminary step, and not as a request for bids, they said:
"We have the pleasure to cook as they said: "We have the pleasure to enclose herewith photographs and specifications of most of the tools named by you, the present price of which, delivered at our works, would be about as follows," etc.

So constant was the decline in the price of such tools, that both these houses have issued revised price-lists at periods of a few months during the interval. Other causes than those which operate upon the general market of the country often produce a reduction of the price of tools, such as the possession of patterns from which to make them, or orders for a number of tools at the same time, which by their extent justify a more economical organization of power and labor; so that it is not, in the judgment of the trace, sate to contract for expensive tools before they are needed, or upon prices long antedating the transaction.

Messrs. Sellers & Co., baving examined the Messrs. Sellers & Co., baving examined the exhibit hereof referred to, said:—

We never made any bids for there tools, neither were we requested to do so. Our letter of August 20, 1865, at decitain photographs obtained from us some time previous to May 21, 1867, at which time we revised our price list, must have been the basis upon which the comparison has been made. Some of the sizes given as ours we do not make.

On this point Mr. Bement, of the firm of Bement & Dougherly, being shown the exhibit and asked whether the prices were those of his firm, said they were not bids; that when the firm makes bids they take press copies of them; that the books of the firm had been examined and found that no bids had been given for these tools, and no member of the firm or employe thereof had any recollection of any bids having been solicited or requested, and added, 'If there had been a call made at that time, June, 1867, the prices would not have been as carried out in the exhibit.

Q. Then your books show no cail on you for propositions for the several looms set forth in that schedule? A. so, sir; and had such call been made the prices would not have been as quoted; and the prices quoted as ours in some cases are not the prices on the list which was furnished a year before, on August 24, 1876.

So it appeared that the "comparative statement" prepared by the Bureau of Engineering, and which the committee learned had sufficed to induce a board of engineers, appointed by the Secretary of the Navy to inquire into this transaction, to approve it, was transdulent, not only in comparing the worn tools of John Roach & Son with the new tools of the first builders in the country, but in exaggerating the prices asked for new tools, and in omitting from its columns of ers for new and improved tools at lower rates than bad been paid for those of Messrs, Rosch & Son. Whatever apology there may be for the purchase of these secondhand tools by Mr. Zeller, who is not a machinist or a business man, the committee suggest that no measure of ngenuity can contrive an apology for the deliberate fabrication of evidence to gloss over such a transaction, and conceal its true character from the Navy Department and

Congress. The committee will present a few of the with the prices of Messrs, Bement & Dougherty and William Sellers & Co., as communicated to the department of engineers in August, 1866. they appear in copies furnished the committee by the department under its official stamp. These copies prove that the Chief Engineer among his official papers irrefutable evidence of the forged and fabricated character of the

exhibit. In this exhibit appear two 25-ton cranes, 25-feet swing, bought of Roach & Son for \$4500. It shows that William Seilers & Co. did not bid for such cranes, while the copy of their list of prices of August 30, 1866, furnished us by the department of steam engineering, contains their offer for two 25-ton crapes, with woodwork complete, \$2000 each. The superiority of the gearing of the cranes of Messrs, William Sellers & Co. over those delivered by John Roach & Son in 1867, at \$250 apiece more than Sellers & Co, had asked in 1866, is so great that with four men at the winch of Roach's lathes each man must exert 50 pounds, while four men at the winch of Sellers' need each exert but 20 pounds. But is due to the Messrs. Sellers, and to a per fect comprehension of this transaction, to say fect comprehension of this transaction, to say that the price of their cranes in June, 1867 when Roach & Son received \$2250 for their

was but \$1690 each. Again, the exhibit shows five 15-ton cranes 18 feet swing, bought from John Roach & Son \$8750, as late as the 6th of January, 1868, an represents neither Sellers & Co. nor Bement & loughesty as having proposed any price for them, while in the certified copy of their estimate for tools, of August 24, 1866, it appears that two 15-ton cranes, 25 feet by 22 feet swing, were offered at \$1500 each. Thus it is shown by evidence produced by the department that the bureau paid John Roach & Son in January 1868, for 15-ton crane, with 18 feet swing, \$250 nore jet crane than Bement & Dougherty would have furnished them for with 22 feet swing in August, 1866.
Again, the exhibit shows that John Roach &

Son furnished, June 28, 1867, one 66-inch planer for \$6000, and that Bement & Dugherty demanded for one of the same size \$8400. Oppocite the statement of these comparative prices in the column of remarks, it is said:-

The planers offered by Bement & Dougherty and Seilers & Son admit six test between housings No allusion, however, is made to the fact that the tool furnished by John Roach & Son had been eleven years in use and had been sold by ts builders, Bement & Dougherty, when new or \$3700.

But to the illustration of the simulated char-

acter of the alleged bids. By reference to the copy of Bement & Dougherty's estimate for

tools furnished the bureau August 24, 1866, it is found that they made no offer for a 66 inch planer, but did offer a 72 inch planer, such as is rescribed in the exhibit but not for \$8400 as nere set forth, but for \$7600. Mr. Bement, when commenting on these facts, testified that their price for a new tool, such as the one in question. improved in its proportions and of greater weight, would have been but \$6000 at the date f its purchase from Roach. It thus appear that not only had the planer made by Benient & Deugherty eleven years ago, which had been solt to a firm in Bt. Louis and used by them till 1861, had then been bought by Mr. Roach and transported from St. Louis to the Etna Iron Works nearly ioubled its original value by use and transpor intion, but had by age, use, and transportation actually come to be worth \$600 more than a new and improved planer of the same general dinensions, but of greater weight, from the shop of those who had built it. To those who are not familiar with the mysteries of engineering, this conclusion may seem preposterous. But it has received the sanction of two boards of engineers detailed specially to investigate the propriety of these purchases, and so far as the committee could learn, the approval of the Chief of the Bureau of Steam Engineering, who approved the requisitions for these tools. But the point that the committee is here

illustrating is, that the department of steam engineering of the Philadelphia yar), in its exhibit, not only compared a new and larger tool with 2n old one, but added \$800 to the price demanded for it in 1866, as was shown by its own records.

RIVETING MACHINE AND PUMPS.

As to the riveting machine, the committee beg leave to remark that it appears to be a well-built machine. It, however, has not had the sanction of experience. The committee could learn of no establishment that had one in use or had in any way tested it. It may be a valua-ble machine, but was not, needed at the time at which it was purchased. It has never been which it was purchased. It has dever been called into use, and has not, at the date of this report, been fully set up for use, though it stands on expensive foundations erected expressly for it, and in a new frame tower forty leet high. It is not probable that the Burean of Engineering will have occasion to test it during the ordinary lifetime of the tower, unless the country should be involved in another war. As Cameron & Sewall pumps, they are in general use in the navy, although the stock provided for the Philadelphia yard may have been somewhat larger than the immediate requirements of the navy. The committee tound nothing in this connection upon which to

CONCLUSIONS OF THE COMMITTEE.

The transaction with John Roach & Son is justly subject to criterism. It has not been the usage of the Navy Department to permit the purchase of secondhand tools. The purchase of a particular tool to meet an exigency, or of a special tool not made by the trade at large, or or general sale, that has been used, ass sometimes taken place, but each instance has been justified, so far as the committee have eeen able to ascertain, by its special circumstances, and none of them formish a precedent for this wholesale purchase of the tools of a arm which was not declining business, but was about to change its premises, and probably found it more profitable to sell old stock than to transfer to its new premises. Messis. Roach Son were about to close the Eina Iron Works, having purchased the Morgan Works, and Engineer Zeller's attention was directed to the Etna Works by the order of Mr. Isherwood, Chief of the Bureau of Steam Engineering, of June 15, already set forth in this report. During 1861-62-63 the exigencies of the navy might possibly have been pleaded in justification of this transaction. The demands upon the machine shops of the several stations were then doubtless in excess of their power; but this order was given more than two years after the war had closed, when little or no work was doing, and even less was likely to be done at the yard in Philadelphia. Not only were many of these looks not required by the wants of the yard, but, as has been shown by the testimony of Inspecting Engineer Johnson, there was no place ready for their reception, and he passed and received them without adequate inspection, because they would have had to lie four or five months before he could put them up and see whether they were in running order. Indeed, the receipt and accommodation of the machines purchased, as well as those contracted for, required the construction of new buildings for their accommodation. And the Bureau of Steam Engineering could not have been ignorant, at the date of these contracts, of the anxiety of the Navy Department to transfer the station and its workshops from the contracted limits of the present yard to the broader space provided by the city of Philadelphia for a naval station at League Island. In view of all the facts, the committee are

unable to discover any reasons consistent with the interests of the Government that prompted this purchase, and believe that the department should relieve the engineer corps of those who have been faithless to the trust reposed in them. It is perhaps due to Mr. Zeller that the com-mittee should say that he is not a practical machinist, and evidently has no capacity for business: that he appears to have but little knowledge of the details of his office, and to be completely in the hands of Assistant Engineer John Roop, Inspecting Engineer George R. Johnson, and his draughtsman, Emil Goldstein.

SUPLEMENTARY FACTS.

Before concluding this report, it is due to the committee and to the Honorable Secretary of the Navy to state that, finding it impossible to report to the House at its last session, the committee deemed it their duty to advise the Secretary of the fraudulent character of the paper purporting to be a statement of the comparative bids for these tools (herein spoken of as an exhibit), and called upon him for that purpose. The Secretary suggested that the statements made, to which he seemed to attach importance, should be put in writing. In accordance with his suggestion the following

letter was addressed to him:—
[Judge Kelley's letter is dated July 28, 1868, and he states to the Secretary of the Navy that "List of tools and machinery, etc., showing the prices at which the contracts were awarded to Boach & Son, and the bids of other manufacturers for tools of the same kind, and the same, or nearly the same capacity," presented by the engineers, did not present the prices of Messrs. Bement & Dougherty and William Schen & Co.,

but were false and exaggerated." On the 30th of the same month the Secretary of the Navy ordered Chief Engineers Wood, Henderson, and Inch to make a complete and detailed examination of the transactions in the case of each tool, and to confer with the Philadelphia toolmakers, and all other persons who could throw any light on the subject.]
The terms of this order of the Secretary of the

Navy are, it will be seen, broad enough to have justiced a thorough investigation of all the questions involved. But such examination was not made: and it in the general facts disclosed in this report there be not evidence enough to prove the utter demoralization of certain mem-bers o' the engineer corps of the navy, it is furnished by the fact that Chief Engineers Wood, Henderson, and Inch conducted the investigation with such tender regard for their brethren of the corps as to have felt justified at its close in reporting that "the purchases were made after a careful examination of the equivalent tools made by other makers whose competi-tive offers received a candid consideration. So far from any evidence of any fraud or collusion appearing, the reverse is proven to have been the case, the selection and purchase having been made wholly in the interest of the Government, and without wrong to the interest or rightful

The committee has at its command no terms in which to justly stigmatize this second en-dorsement by a board of engineers of a transaction so detrimental to the character of the corps of engineers and the interests of the Government. It is impossible that its conclusion can be based upon any examination of the papers on file in the department of engineering of the yard, or of the members of either of the firms with whose members the Secretary directs

them to confer personally.

Through the kineness of the Secretary the con mittee have been enabled to lay this portion of the report before Messrs. William Sellers & Co. and Bement & Dougherty, who most positively deny that they were examined by the board as to whether they ever made competitive hids for the too's in question, and provounce the conclusion above set forth as false and unfounded.

In conclusion, the committee beg leave to suggest that Messrs, Paimer, Hennessy, Henry, Dorsey, Ball, and Connor, querterman and workmen in the machine shop, did not testify highly, but gave their evidence in the conscious peni of loss of employment. So, too, did Mr. Rewbotham, the muster machinist, who was, shortly after the close of the labors of the committee at the Philadelphia Station, removed from his position as a warning to all other employes of the Government, who, even as sworn witnesses, might invade the privileges of the Department of Steam Engineering of the

Philadelphia Navy Yard. This result not entirely unanticipated by Mr. Rowbotham, as in the course of his testim Rowbolham, a. in the course of his testimony he had sworn to the committee that Ch of Engineer Zeller, when examining come of the machinery two days before the coming of the committee to the station, had pointed his finger at him and said:—' Rowbotham, if you back on me in this matter I shall consider you one of the most ungrateful dogs I ever knew."

A. F. STEVENS, T. W. FERBY,

All of which is respectfully submitted.

WM. D. KELLEY,

A. F. STEVENS,

Committee.