

HOW IT WAS DONE.

How Bill Dorgan Boodled Away \$20,000 of State Money, With the Assistance of State Officers.

SOME RICH AND BAQY READING.

Part of the Testimony Taken by the Penitentiary Committee.—The Truth Pumped out of Unwilling Witnesses.

"There's something rotten in the state of Denmark."—Shakspeare. Some republicans are setting up the claim that the evidence in the penitentiary investigation does not support the findings of the committee.

Testimony in the Case. The formal report of the committee to the house sets forth in a brief and condensed form some of the things which were uncovered by the investigation, but it is in the exhibits from the report of the expert, thereto attached, that are found the most interesting features in connection with the fraud, steal and jobbery associated with the appropriation and the building of the new cell house.

The reports filed by Superintendent Dorgan with the board are five in number, but there are no vouchers for anything but the freight. Out of \$23,100 drawn by him from the fund by the consent of the board, there are no vouchers for \$5,151.77, and for the \$3,331.15 received by Hopkins from Dorgan, no vouchers have ever been filed.

A liberal estimate for the stone used is computed by capable authorities at \$2,930.00, while the price was \$3,331.15, through the extravagance of the superintendent, and the connivance of the board, to pay therefor \$3,777.53, an overcharge on that one item of nearly \$6,000.

Labor cost the state \$19,397.25, while had a private contractor been leasing the same help from the same source, it would have cost but \$4,918.90. Here is a steal on these three items of nearly \$14,000 on a \$40,000 appropriation.

It is further demonstrated that the appropriation was much more than sufficient to have completed the building, but as it is, the appropriation is more than exhausted, the building has been barely enclosed, and there are debts as unsatisfied for work that has already been performed.

Ex-Treasurer Hill's Testimony.

J. E. Hill testified that he had been a member of the Board of Public Lands and Buildings for four years; that the board had had charge of the penitentiary under the law passed by the legislature two years ago and that it superintended the expenditures of that institution. He related in detail the several improvements that had been made at the penitentiary under the supervision of the board, stating that the work had generally been put in the hands of some competent person. The work on the new wing authorized by the legislature two years ago was done by the day under the direction of William Dorgan. The board held that the provisions of the law precluded the necessity of advertising for bids on the contract.

Trusted to Dorgan's Integrity.

Referring to the employment of Dorgan as the superintendent of construction, Mr. Hill was asked if the fact that Dorgan was acting as Moshers' agent at the same time had not been considered by the board. He replied that the matter had been discussed afterward, but that the board had not rectify any mistake that had been made in the selection. He thought at the time that \$50 a month was a pretty small salary for the services required, but that he had at the time every confidence in Dorgan's business integrity. The matter of employing convicts on the work as was the case with the purchase of material had been left almost entirely to Dorgan, who from time to time would make reports to the board, accompanied by vouchers and receipts. The board examined these reports from time to time. The board examined the bills and vouchers, but never inquired as to any inquiries as to whether the material had been actually furnished or not. He admitted that there had been many items reported by Dorgan which had not been accompanied by vouchers.

Attorney General Hastings was examined as to the particulars of the junket made by several members of the board a year ago at the state's expense, the ostensible object being to examine the management of the state penitentiary. He testified that the party consisted of himself, Secretary Allen, Commissioner Humphrey and Warden Hopkins. Dorgan handed them \$500 the day they started and this amount was used for the expenses of the trip.

Densely Ignorant Regarding Stone. "Do you know as a matter of fact that this stone you got only cost 10 cents a foot?"

On the trip, was was positive that no man should all the money that had been given to him. General Hastings was then questioned closely as to his knowledge of the manner in which Dorgan had been permitted to draw money on the cell house fund from time to time, but his ideas were not very clear on the subject. He felt sure, however, that Dorgan was never allowed any money until after he got the bills for the work.

Where Information May Be Had.

"I think if you go to Mr. Allen or Mr. Humphrey," said the attorney general, "either one of them can give you very definite information as to Mr. Allen's secretary and Mr. Humphrey is president, and my office is attached to it simply as a matter of ornament, I suppose. I was attending to making briefs in the supreme court and attending to the affairs of my office as attorney general."

He admitted that he probably did not give critical attention to the matter of expenditures, claiming that his duties as attorney general made it absolutely impossible for him to stay in the other offices and check over accounts. As an attorney he considered that a bond for \$100,000 was reasonable for a man who had to expend \$40,000 of the state's money.

Simply Took William's Word.

Secretary of State Allen took the witness stand and told the committee what he knew about the trip taken by several members of the board to the penitentiary of several eastern states. His statements did not vary much from the ones made by the attorney general. The party took \$500 and spent it. When they returned the amount was charged up to the state. Speaking of the manner in which the money had been expended on the cell house, Mr. Allen said that Dorgan would be given a warrant for a certain sum and that he would check against this amount until it was exhausted. Then he would be allowed to draw another sum.

Mr. Allen made the somewhat startling statement that there was no record of the account with Dorgan in the books of the construction of the cell house, either in the books of his office or the books of the board. He did not consider that the board had as yet approved the accounts of Dorgan, and that no settlement had ever been made with that person. He "supposed" the board would pass upon the accounts and make a settlement when the cell house was completed.

Knows Nothing of the Details.

A. R. Humphrey, commissioner of public lands and buildings, was next on the witness stand. He also told the committee of the swing around the circle made by himself and other members of the board last year, and his story failed to place that memorable junket in any better light.

Regarding the board's contract with Dorgan, he stated that no final settlement had been made. He had never made an examination as to the correctness of the vouchers presented by Dorgan for material furnished. Neither did he know anything about the manner in which convict labor had been employed on the new cell house. He never scrutinized the vouchers for material furnished, but he did not know whether the charges for such material were reasonable or not. He had asked the warden and the men employed on the work and they had informed him that the charges were reasonable. The money to meet the expense of the work was drawn in advance of the expenditures and was turned over to Dorgan, who used it for the purchase of material. Dorgan took receipts, and these checks would be in the possession of the board when the final settlement was made. He remembered that some machinery had been purchased at about the time the work was commenced on the cell house, but he did not know what the machinery was nor how much it cost.

Colonel Dorgan on the Stand.

One of the most entertaining witnesses before the committee was Bill Dorgan, the superintendent of construction, who acted as the agent of the prison contractor and at the same time drew \$50 a month for the interests of the state in the construction of the new cell house. He stated that he was at present the prison contractor, but that at the time he acted as superintendent of construction for the board he was simply the manager of the contract for Moshers and had charge of all his interests at the penitentiary. In letting out the contract to the contractors he charged as much as he could get. The state was charged \$1 per day. Private contractors were charged less, as a rule, and the average price received from private contractors was about 40 cents a day for each convict. The number of convicts employed on the cell house varied from time to time. The following dialogue between the committee and its witness will give an idea of the manner in which the time of this convict labor was kept and charged up to the state:

His Charges Always Worked.

"Isn't it a fact, Mr. Dorgan, that all the men who were employed and put into that gang were checked up and charged for unless they were in the hospital?" "Yes sir, they ought to be." "And were charged up to the state whether they worked or not?" "Yes sir." "And the state paid for them?" "Yes sir." "How much time have you charged up to the state that they didn't work?" "Oh, there might have been a day or two, or three, or like that."

His Little Deal With Atwood.

Leaving the question of the employment of convicts on the cell house, the board turned its attention to the prices charged the state for the stone and sand used in the building. Dorgan stated that he had purchased the stone of S. H. Atwood & Co. of Plattsmouth. He met Atwood in Omaha and had been recommended to him by one of the general officers of the B. & M. railroad. He visited Atwood's quarry at Cedar Creek, and agreed upon the price to be paid for the stone. He did not know of any other stone dealer and made no effort to ascertain the regular prices for the kind of stone to be used in the walls of the cell house. He denied that he had obtained any prices of J. L. Farthing of Plattsmouth, and said that he never heard of such a man. He knew the state paid 35 cents a foot for the stone, but didn't know how much the stone cost Atwood. He supposed 35 cents was the regular price for that class of stone, but didn't know much about it, as he didn't claim to be much of a stone man, anyway. He believed he had noticed in some circulars that stone was worth about 35 cents a foot. Then the following entertaining conversation took place:

Densely Ignorant Regarding Stone.

"Do you know as a matter of fact that this stone you got only cost 10 cents a foot?"

"If that was what it cost, would you say 35 cents was the regular price of stone?" "I would not, because I am not a stone man." "Do you know as a matter of fact that the price you paid for the stone was three times the regular price for stone in this country?" "As a matter of fact, I don't know."

One of the Prison's Curiosities.

Ex-Warden Hopkins was recalled to give the committee some information in regard to the chapel built by direction of the legislature several years previous. He testified that the room at present used as a chapel had always been used as such to the best of his knowledge. The building erected for chapel purposes had always been used by private corporations for workshops. Warden Hopkins corroborated his testimony. He testified that the building erected for a chapel was not at all suited for that purpose. "Was the building that was erected and which you have described built in such a manner as to be suitable for a chapel?" asked the committee. "It was not," replied Warden Mallon. "What would you say it was erected for?" "I pass."

Some Whaling Big Carloads.

The committee then called Dorgan's attention to the manner in which the state had been charged for stone that had never been delivered, but on this subject he was as ignorant as upon the price of the stone he had purchased of Atwood. One car of stone had been charged up to the state as containing 408 feet of stone. This would make a weight of 60,000 pounds of stone on one car. There was a difference of 23,000 pounds between the amount Dorgan charged the state for and the amount the state actually received. Dorgan didn't know anything about this item. He claimed that there were many cars in use on the B. & M. which had a capacity of 64,000 pounds. He had never made any estimate of the amount of stone he had purchased of Atwood or of the amount he put into the cell house. He had purchased derricks, hoisting tackle and tools to be used in erecting the cell house. He was asked:

Made the State Pay for All.

"Did you purchase them out of the state's money or your own?" "I aimed to make the state pay for everything. If I didn't overlook it, I aimed to make the state pay for everything I used in connection with the building." He stated that he had made no agreement with the board of Public Lands and Buildings in regard to the cell house to be built under his direction. He employed an architect to draw him some plans and specifications. He claimed that all the board asked him to do was to put up a good building, and he asserted with sublime confidence that there wasn't a better building in the state, if he did say it himself.

Hopkins Had No Limit.

Ex-Warden Dan Hopkins, who succeeded Dorgan as superintendent of construction of the cell house, was next on the witness stand. He testified that when he took up the work where Dorgan left off nothing had been completed but the inside wall. There was no material on hand, and he purchased some seven car loads of stone of Atwood at the same price paid by Dorgan. He had also purchased large quantities of sand, cement, lumber and material for the roof and ceiling. He had no agreement with the Board of Public Lands and Buildings except that he was to go ahead and put up a good building as he could get the money, and he had no limit placed upon his expenditures. He claimed that he had talked with men who were familiar with the prices of building material and had been told that the prices he paid were reasonable enough. He also told of the trip he had taken with the members of the state board, and he said that he had investigated cell houses in other penitentiaries, and also related the details of a trip taken by himself and Chaplain Howe when they attended the prison congress at Pittsburg, Pa., last November at the state's expense. This trip cost the state \$300.

Testimony of a Stone Salesman.

One of the witnesses who was able to throw some light upon the peculiar business methods of Dorgan and his associates was J. L. Farthing, a traveling salesman for Peterson & Co., stone dealers at Plattsmouth. He testified that when the matter of furnishing stone for the new cell house was under consideration he called at Dorgan's office in Lincoln. He put in a bid for supplying the stone, and the prices he quoted Dorgan were 25 cents a yard for crushed stone, \$1.30 per yard for rubble stone, and 65 cents per yard, all delivered at the prison. He furnished stone for the construction of the Lincoln asylum at these figures. Dorgan, he claimed, agreed to give him the contract at these figures, but afterward informed him that the contract would have to go to Atwood.

Farthing explained that all quarries sold stone by the yard, but that he would be willing to sell the stone by the foot if anyone wanted to buy it that way. A yard of stone contained twenty-seven cubic feet and the price for a cubic foot of stone would be just 25 cents. He considered 35 cents per yard. The price of a cubic foot of stone under these figures would be 15 cents, and that was the price they always sold it at. The price of rubble stone would be 3 cents a foot. The price he quoted Dorgan was 4 1/2 cents a foot, delivered at the prison. He further stated that the maximum capacity of a flat car upon which stone is shipped is from 30,000 to 40,000 pounds, and that there was no such thing as a car with a capacity of 60,000. He stated that the railroad companies would refuse to haul more than 40,000 pounds of stone on a car, and if they found that the car contained more they would haul it back into the quarries and have the surplus removed.

Sold the Stone to Atwood.

J. W. Zook of Nemaha county was placed on the stand. He was the owner of the quarry from which Atwood bought a large amount of the stone that went into the cell house. He sold the stone to Atwood for 10 cents a foot, and considered that he was getting a fair price for it. At the time he made the contract with Atwood he did not know what the stone was to be used for, but he found out three weeks afterward that it was going into the penitentiary. He stated that he never received pay for a car that contained more than 235 feet. It would be impossible, he said, to put 400 feet of stone on a single car. He considered 35 cents a foot for stone robbery, and said he would have been willing under the circumstances to have taken the contract to furnish the stone at 8 cents a foot. He had sold lots of stone in Lincoln at 12 1/2 cents a foot delivered, and made money at it.

Their Time Always Charged.

V. H. Hainer was the next witness. He testified that he had been principal keeper at the penitentiary during the time that the cell house was being constructed under Dorgan's supervision, and he had charge of all the convicts working under the prison contract. He stated that about twenty-five convicts had been employed on the cell house, but that the car contained more convicts for their services whether they worked or not. On rainy days, when the men could not work on the cell house, they worked in the yards for the prison contractor, but their time was charged up to the state just the same. When convicts employed on the cell house were in the hospital they were charged to the state. One man had worked in the boiler room from some time in December, 1891, until some time in February, 1892, and his time had also been charged to the state, although the work in the boiler room had nothing to do with the cell house.

Dorgan Had Zook's Prices.

Mrs. Zook, wife of the J. W. Zook who sold the Johnson quarry stone to Atwood, testified that she attended to most of her husband's correspondence. She had received a letter from Dorgan a short time before her husband made the contract with Atwood, asking the prices on stone. She answered the letter and gave the prices, but she could not remember the price she quoted, but was positive that it was not as high as 35 cents a foot.

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