

HONGKONG.

DEFALCATIONS OF Z. M. BARRADAS.

Laid before the Legislative Council, by Command of His Excellency the Officer Administering the Government.

No. 68.

GENERAL POST OFFICE,
HONGKONG, 15th September, 1890.

SIR,

I have the honour to transmit herewith the undermentioned enclosures :—

- (a.) Statement of amount of defalcations by Z. M. BARRADAS.
 (b.) Balance Sheets, Imperial Money Orders, for the 1st and 2nd Quarters of 1890.
 (c.) Balance Sheets, Local Money Orders, for the 1st and 2nd Quarters of 1890.

5 enclosures.

I have the honour to be,

Sir,

Your obedient Servant,

ARTHUR K. TRAVERS,
Acting Postmaster General.

The Honourable

W. M. DEANE, C.M.G.,

&c., &c., &c.,
Acting Colonial Secretary.

MONEY ORDER OFFICE.

STATEMENT (B.) OF AMOUNT OF DEFALCATIONS BY Z. M. BARRADAS.

ASSETS.	AMOUNT.	LIABILITIES.	AMOUNT.
To Cash in hand,	\$ 11,201.49	By Payment into Treasury on account of Postal Notes sold in January, February and March, 1890,	\$ 7,886.38
„ Cash balance left out of transfer of \$2,500 for paying outstanding Imperial Money Orders,	389.83	„ Payment of Imperial Money Orders sold between 19th and 22nd March, 1890, ...	618.07
„ Total Deficit,	7,821.76	„ Cash transferred to Local Cash Book, ...	197.04
		„ Cash transferred to Imperial Cash Book,	2,500.00
		„ Payment into Treasury on 11th July, 1890, on account of London Remittance of £218.9.11 of 5th March, 1890, not made,	1,271.26
		„ Deficit on Local Money Order Account,	6,940.33
	\$ 19,413.08		\$ 19,413.08

ARTHUR K. TRAVERS,
Acting Postmaster General.

First Quarter, 1890.

MONEY ORDER OFFICE.

BALANCE SHEET, *Imperial Money Orders*, 22ND MARCH, 1890.

ASSETS.	AMOUNT.	LIABILITIES.	AMOUNT.
Transferred from Cash Balance left,	\$ 2,500.00	By Unpaid Orders,.....	\$ 2,174.68
		Balance,.....	325.32
	\$ 2,500.00		\$ 2,500.00

ARTHUR K. TRAVERS,
Acting Postmaster General.

Second Quarter, 1890.

MONEY ORDER OFFICE.

BALANCE SHEET, *Imperial Money Orders*, 30TH JUNE, 1890.

ASSETS.	AMOUNT.	LIABILITIES.	AMOUNT.
Cash in hand,	\$ 942.60	By Unpaid Orders,.....	\$ 552.77
		Balance,.....	389.83
	\$ 942.60		\$ 942.60

ARTHUR K. TRAVERS,
Acting Postmaster General.

(C.)

First Quarter, 1890.

MONEY ORDER OFFICE.—(LOCAL.)

BALANCE SHEET, 22ND MARCH, 1890.

ASSETS.	AMOUNT.	LIABILITIES.	AMOUNT.
Due by New South Wales, £ 434 4 11	\$	Due to Japan,	\$ 1,438.00
„ Victoria,..... 39 6 10		„ „ 1888,.....	1,241.66
„ Queensland, 252 6 9		„ North Borneo,.....	48.71
„ Western Australia, 36 12 2		„ Shanghai,.....	5.06
„ South Australia, . 62 2 11		„ Ceylon,.....	2.82
„ Tasmania, 307 4 3		„ „ 1889,.....	357.03
£1,131 17 10 @ 3/0 $\frac{1}{2}$	7,391.94	„ India,	2,724.37
„ Singapore,	298.25	„ „ 1888,.....	4,747.67
„ „ 1889,.....	696.35	By Unpaid Orders, 1887-88,.....	53.17
„ Bangkok,	226.04	„ „ 1889-90,	5,421.83
„ „ 1889,.....	290.37		
Cash in hand,	197.04		
Balance,	6,940.33		
	\$ 16,040.32		\$ 16,040.32

ARTHUR K. TRAVERS,
Acting Postmaster General.

Second Quarter, 1890.

MONEY ORDER OFFICE.—(LOCAL.)

BALANCE SHEET, 30TH JUNE, 1890.

ASSETS.	AMOUNT.	LIABILITIES.	AMOUNT.
Balance due Hongkong } from Victoria, }	£476 5 2	Balance due Queensland, £11 12 3 @ 3/4 $\frac{1}{2}$,...	\$ 68.60
„ New South Wales,...	71 11 4	Colombo, Rs. 312.66 @ Rs. 221 $\frac{1}{2}$ per \$100,	141.19
„ South Australia, ...	49 11 1	India, Rs. 22,301 11/1 @ Rs. 221 $\frac{1}{2}$ per \$100,	10,068.48
„ Western Australia, ..	44 4 2	Japan,	1,417.66
„ Tasmania,	237 17 5	Cash due Shanghai,	261.66
	£879 9 2 @ 3/4 $\frac{1}{2}$	Unpaid Orders 1887-88,	53.17
„ Singapore 1890,	5,195.57	„ 1889-90,	1,253.61
„ „ 1890,	446.82	„ on Lists of 2nd Quarter, 1890, received at Hongkong after 30th June, 1890, ...	3,599.91
„ Bangkok 1890,	451.07	Advance from Government,	5,000.00
„ „ 1890,	264.94		
„ North Borneo,	371.33		
„ Shanghai,	236.26		
Cash due from Shanghai,	13.08		
Draft from Queensland, £100 @ 3/7,	374.06		
Cash in hand,	558.14		
Balance,	6,986.79		
	6,966.22		
	\$ 21,864.28		\$ 21,864.28

ARTHUR K. TRAVERS,
Acting Postmaster General.

MEMORANDUM ON DEFALCATIONS OF Z. M. BARRADAS,
LATE SUPERINTENDENT OF THE MONEY
ORDER OFFICE.

When the frauds were first discovered in March last the late Mr. LISTER was at some pains to prepare a statement in order to arrive approximately at the sum missing. The conclusion he arrived at was that about \$46,000 represented the loss.

In making up this statement Mr. LISTER had not sufficient data to go upon owing to the books of the Money Order Department being so much in arrear, and it was only by a careful detailed examination of the accounts and by obtaining information from other Colonies that the sum total of the defalcations could be arrived at. This examination has now been made and corrected accounts with each Colony prepared and the appended statements are the result.

In the statement prepared by Mr. LISTER the amount shewn as being short paid to the Treasury to meet advices to the Crown Agents was \$46,466.82. Subsequent examination of the accounts has shewn the sum to be \$50,681.06. The difference arose from the fact that up to 31st December, 1889, the statements of payments to the Treasury was made up from records in the Audit Office and the statement from January, 1890, to the date of BARRADAS' flight was prepared in the Post Office and included three sums amounting to \$5,771.05 paid in in December, 1889. There was no time to check the accounts and so this double credit was overlooked till after the original statement was made and the accounts were

examined in detail. Further discrepancies were also found by letters received as late as July from the General Post Office London pointing out errors in the accounts of BARRADAS.

As regards the Local Accounts, no real idea of their state could be formed. The Cash Book was not written up from November, 1889, and the Ledger was only posted to December, 1888. The lists of orders received from other places had not the dates of payment of orders set off on them and it was impossible to say even approximately what the amount of unpaid orders was. Mr. LISTER estimated them at \$1,000 and the unpaid local orders have since proved to be \$5,275.

Owing also to the Ledger not being posted Mr. LISTER had no means of knowing that the accounts with India, Ceylon, Singapore and Bangkok had not been settled up for the fourth quarter of 1889.

At the time of BARRADAS' flight it was necessary to carry on the work of the Money Order Department without causing inconvenience to the Public and the staff at the disposal of Mr. LISTER was hardly sufficient to do this and much loss to make up correct statements of the wilfully complicated accounts of BARRADAS. To make the appended statements clear to anyone who has not carefully examined the accounts complicated as they were made by the way in which BARRADAS kept his books and also owing to the further complications due to the constant varying rates of exchange the following explanations may be of use.

In statement *A* which shews the sums short paid to the Treasury to meet advices to Crown Agents in the amount shewn for 1890 an arbitrary rate of $3/2$ has been adopted for the advices. It was necessary to do this as the system of dealing with the Crown Agents' accounts, is, at the end of the year, to take the average rate at which bills have been sold in London for the year and adopt this as the rate for all Crown Agents' transactions. The average rate owing to the rise in the price of the dollar will no doubt be in excess of $3/2$ but this cannot be determined till the end of the year.

In statement *B* which shews the position of the Money Order Office apart from the sums short paid to the Treasury to cover advices to the Crown Agents it will be seen that BARRADAS left cash in hand to the extent of \$11,201.49.

In the confusion caused by his flight the amount was at once appropriated as follows:—

To meet Postal Notes sold and not accounted for, ...	\$7,886.38
„ „ Money Orders sold and not accounted for, .	618.07
„ carry on payments for Local Orders,	197.04
„ „ „ „ „ Imperial Orders,	2,500.00

It was subsequently found that a sum of £246.9.1, had not been advised to the Crown Agents and also that an error of £28 had been made by BARRADAS in a previous advice and \$1,271.26 or £218.9.11 was paid to the Treasury and advised to the Crown Agents on 11th July, 1890, and therefore figures as a liability of BARRADAS.

Of the \$2,500 appropriated for payments on account of Imperial Orders it was found that a balance of \$325.32 was left, that is that the outstanding Imperial Orders were only \$2,174.68. Owing to fluctuations in the rate of exchange it was found when finally settling up the Imperial accounts that a balance of \$389.83 was available and BARRADAS has been given credit for that sum instead of for the \$325.32. The deficit on the Local Order account sufficiently explains itself.

All the accounts have been subjected to a very strict and searching examination and it is not apprehended that any further discrepancies will come to light, but it will be observed in statement *C* that there were orders unpaid for 1887 and 1888 found and it is possible though very unlikely that there may still be some old

orders unpaid as BARRADAS omitted in many cases to mark off the dates of payment and in many cases set off wrong dates. It seems probable, however, that enquiries about any orders issued prior to 1887 and 1888 and not paid would have been made by the Public ere now.

I may add that a statement shewing the position of the Money Order Office on 30th June last has been prepared and carefully checked and it only differs by \$25.89 from the statements now annexed and this difference is fully accounted for by the loss on exchange with the Australian and other Colonies and will be dealt with at the end of the year when the Money Order accounts are closed.

HILGROVE C. NICOLLE,
Auditor.

18th September, 1890.

STATEMENT (A.) shewing sums short paid to Treasury to meet advices to Crown Agents on account of Money Orders and Postal Notes by Z. M. BARRADAS.

PAID BY CROWN AGENTS.						PAID INTO TREASURY.					
	£	s	d	\$	c.		£	s	d	\$	c.
1884,	4,233	9	9	22,896	61	1884,	5,648	1	...	30,840	08
1885,	10,838	16	4	60,849	50	1885,	8,252	12	6	46,994	93
1886,	11,209	13	10	68,982	72	1886,	13,106	7	10	79,264	46
1887,	11,396	2	10	71,975	62	1887,	10,915	15	6	68,724	29
1888,	11,698	7	9	76,920	91	1888,	9,292	12	6	61,135	79
1889,	11,958	0	8	78,359	81	1889,	8,050	8	3	52,795	59
1890,	3,259	16	7	20,588	39	1890,	1,592	18	4	10,137	36
	64,594	7	9	400,573	56		56,858	15	11	349,892	50
...	...	...	...	...	...	Balance due,...	7,735	11	10	50,681	6
	64,594	7	9	400,573	56		64,594	7	9	400,573	56

HONGKONG.

STATEMENT shewing defalcations of Z. M. BARRADAS as Superintendent of the Money Order Office.

ASSETS.	AMOUNT.	LIABILITIES.	AMOUNT.
Balance of Liabilities over Assets,	\$ 58,502.82	Amount short paid to Treasury to meet advices to Crown Agents. Statement A,)	\$ 50,681.06
		Deficit in books of Money Order Department found after flight of BARRADAS. Statement B,	7,821.76
	\$ 58,502.82		\$ 58,502.82