

value. He was informed that if the French Government would state that to be a fact, we would be willing to place a higher valuation on the property. He asked the undersigned to prepare a short form of statement that would satisfy us on that point, which he would endeavor to have the French Minister certify to and transmit by cable to this Department. His request was complied with and the following form prepared:—

"The value of the property of the New York Life in Paris, as stated in the letter of Ribot of 22nd October, 1891, is taxable value only, which in Paris is usually about per cent. of the actual value."

He has been unable to obtain the Minister's signature to this statement, and no alteration, correction or modification of the original document has yet been made.

It will be noticed that the valuation placed on this property by the appraisers selected by the company falls far below the amount which it has cost. We quote from the report of the appraisers as follows:—

"CONCLUSION."

"It has been seen that our estimation, founded on the knowledge we have of the value of buildings in Paris, and, in addition to that, on particular information we have got about this affair, gives the following results:—

Buildings in Paris, Boulevard des Italiens, No. 16, and rue Le Peletier, Nos. 1 and 3, three millions three hundred thousand francs.....	Fr. 3,300,000
Business of the Café Riche, eight hundred thousand francs.....	800,000

In all, four million one hundred thousand francs.... Fr. 4,100,000

And if taken into consideration that the opening of the Boulevard Haussman is certain, a fact of which profit is surely made by present sellers, it is our opinion to estimate at four millions five hundred thousand francs (4,500,000) the value of buildings and business, object of our report.

Made and drawn up in Paris, on the fourth day of November, in the year one thousand eight hundred and ninety-one.

(Signed) DUCLOX, Sous-chef de Division at the Crédit Foncier de France.	(Signed) MARTIN, Chef de Bureau at the Crédit Foncier de France.
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From this statement of appraisers, presumably friendly, it appears that the value of the ground and building "founded on sales of similar grounds" and the condition of the buildings is 3,300,000 francs, equivalent to \$633,600. If the amount paid for the "name of Café Riche, with custom and fixtures attached thereto" (which is not a form of investment of the funds of a life insurance company authorized by the laws of this State, and therefore not admissible as an asset) be added, it only brings the total value of the property up to 4,100,000 francs, equivalent to \$787,200 American money. The maximum valuation placed on the property by these appraisers, being a prospective value only, is 4,500,000 francs, equal to \$864,000 American money.

The difference between the cost of the property and its appraised value indicates that the company paid a great deal more for it than it was worth.

OFFICE BUILDINGS IN OTHER CITIES.

Within the past three years the company has completed office buildings in the following cities, and at the cost set opposite each, as per Mr. Van Vranken's report, viz:—

Minneapolis, Minn.....	\$1,067,050.25
St. Paul, Minn.....	796,390.15
Kansas City, Mo.....	1,742,957.78
Omaha, Neb.....	1,188,091.86
Montreal, Canada.....	791,341.53

Mr. Van Vranken, after a thorough examination, declares that he believes the amounts above stated to have been actually expended in the purchase of the land and erection of these several buildings.

They are solidly constructed and very expensively finished, more expensively, it is thought, than the existing conditions and requirements warranted.

The net rentals from these buildings have not, thus far, brought in a fair return for the money invested, and there is no immediate prospect that they will prove as profitable as the investments of life insurance companies should. They have been appraised by Mr. Van Vranken at the cost figures, as above stated, because of their recent construction.

As advertisements of the company they no doubt have a considerable value, for, as the appraiser says, "each of them forms one of the attractions in the city in which it is located." It is, of course, impossible to fix their advertising value, but the wisdom of these investments is very doubtful.

In a few other instances the appraised value is less than the cost, but not serious in amount.

In some of the real estate which the company has been compelled to take by foreclosure, it has been more fortunate than in those above mentioned, the most noticeable of which are the following:—

Real Estate No. 427, comprising the property fronting Eighth avenue, west side, from 91st to 92nd streets, being 200 feet front on Eighth avenue, 267 feet 11 inches on 91st street, north side, and 261 feet 2 inches on 92nd street, south side. The cost value of this property on company's books is \$177,271.05. Mr. Coleman appraises it at \$360,000.

Real Estate Nos. 2 and 3, consisting of a number of vacant lots on Butler and Douglass streets, between 3rd and 4th avenues, Brooklyn, cost \$3,414.39; now appraised at \$37,950.

Real Estate No. 363, property on Broad street, Elizabeth, N.J., cost \$32,886.41; appraised at \$75,000.

Farm in Washington, N.J., cost \$30,000; appraised at \$45,000. And others showing small advances.

As to the loans on bond and mortgage, they are regarded by the appraisers as generally of a very satisfactory character. A list of those in which the security does not exceed the loan by 50%, as required by law, is filed herewith marked "Exhibit 7." It is respectfully suggested that the company be notified to call in so much of these loans as may be necessary to bring them within the statutory requirements.

There are only four mortgages wherein the loan is greater than the security, on account of which the sum of \$11,700 has been deducted from the amount claimed by the company.

AGENCY MANAGEMENT.

In addition to the examination made with reference to its financial condition, it was deemed proper to look into certain charges of mismanagement preferred by Theodore M. Banta, the cashier of the company, and extensively commented upon by the newspapers.

These charges were formulated by him in 1887, and presented, in printed form, to the trustees, who thereupon appointed a committee to investigate them.

Nothing of a decisive nature seems to have resulted from this investigation, and Mr. Banta protested that he was not given sufficient opportunity to prove his charges.

In this examination it was determined that he should have no cause to make such complaint, and the following plan was proposed to him and accepted after consultation with his counsel.

He was authorized to, and did, employ a stenographer and typewriter at the expense of this department, for the preparation of his statement. He prepared and submitted a statement, in duplicate, under oath, covering the charges originally made by him in 1887, together with such other matters as seemed to him to require investigation, with such evidence as he possessed to support them. This statement, dated October 8th, 1891, is filed herewith, marked "Exhibit 8."

A copy of this statement was served on the president of the company, with a request that if an answer should be made, it be in writing, in duplicate, and verified by the oath of the subscribers to it. This answer was duly prepared and submitted by the officers of the company, under date of October 31st, 1891, and is filed herewith marked "Exhibit 9."

A copy of this answer was given to Mr. Banta, with an intimation that if he chose to reply to it, it was his privilege to do so. He was also permitted by the company to read over the testimony taken by the Trustees' Committee in 1887. Thereupon Mr. Banta prepared and submitted his reply, dated November 18th, 1891, filed herewith, marked "Exhibit 10," and expressed himself as satisfied with the treatment he had received from this department and the opportunity given him to prove the truth of his charges.

A further statement from Mr. Beers, dated November 25th, 1891, was received and filed herewith marked "Exhibit 11."

In the first of these papers, Mr. Banta says: "In my printed charges, I made twenty-eight specifications, to which I called attention. Before taking them up seriatim, I would remark that in regard to some of them, while they concern matters to which I deemed it proper to call the attention of the trustees, I might not have thought them of sufficient importance to require consideration by the Insurance Department."

It is true that some of his charges are of little or no importance. Others are based on information alleged to have been given him by officers and employees of the company, which is denied by the persons mentioned. Several of the charges, however, are of a character that could be verified or disproved by the records or otherwise, and were given careful consideration by the undersigned.

The present investigation was brought about through the publication in the New York Times, that a defalcation to a large amount had occurred in the company's Spanish American Department.

On June 17th, 1891, a few days after this publication, the Committee on Finance of the company adopted a resolution, requesting the Superintendent of the Insurance Department to make an examination of its affairs. In response to this invitation the undersigned, pursuant to your instructions, commenced an examination on June 23rd, 1891, which has continued, without interruption, up to the present time. On June 20th also, the Board of Trustees adopted preambles and resolutions, of which the following are a part, to wit:—

"Whereas, many charges and much criticism have appeared in the public press during the past few days with regard to affairs of this company, and especially with regard to the Spanish American Department; and

"Whereas, in view thereof, the Finance Committee, with the concurrence and approval of the officers of the company, has invited the Super-