

**GOVERNOR HILL AND THE
AQUEDUCT FRAUDS: THE STORY
RELATED
BY THE WITNESSES BEFORE THE
FASETT INVESTIGATING COMITEE**

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Governor Hill and the Aqueduct Frauds: The Story Related by the Witnesses before the Fasett Investigating Comitee by David B. Hill

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DAVID B. HILL

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Governor Hill

AND THE

Aqueduct Frauds.

The Story Related by the Witnesses

BEFORE THE

Fassett Investigating Committee.

"I think the work of the Committee has been one of the most beneficent things that has ever happened in my day."—MAYOR HEWITT.

NEW YORK.

1888.



How Hill's nomination in 1885 was secured by bargains with O'Brien and Squire—How Hill got \$10,000 for procuring the Contract to construct Section 12 for O'Brien & Clark—The money raised on Hill's Note—The Note paid by O'Brien & Clark—Hill's false statement to the People about the Note.

How Hill got the Aqueduct Commission re-organized in the contractors' interest, and then lied about it—The Frauds upon the City by the Hill Aqueduct Commission.

Hill agrees to protect Squire from Punishment for his Crime in consideration of the Patronage of the Department of Public Works—His desertion of Squire.

Hill frightened by Hewitt into betraying O'Brien.

The history of David B. Hill's connection with the Aqueduct frauds, involves the history of the whole Aqueduct from its inception in 1881. It is the purpose of this article to tell the story only from the accession of Mr. Hill to the Governorship in January, 1885.

THE ORIGIN OF THE FRAUDS.

The situation at that time may be summed up in a few words. Hubert O. Thompson had conceived the grand idea of building the new Aqueduct, a public work, comparing in magnitude of cost with the Erie Canal and far surpassing the Tweed Court House, in order to furnish the means of financial and political gain to the gang of plunderers and politicians with whom he was associated. His enterprise was once nipped by the veto of Governor Cornell. He thereupon excited a "water

11-11-1885

famine" scare, which carried his bill with all its facilities for fraud through the Legislature of 1883. The Act furnished for Thompson a fairly controllable board of Aqueduct Commissioners. These Commissioners decided upon a line and form of Aqueduct, far more costly than that which had been contemplated by the Legislature, in passing the bill. They prepared forms of contracts, containing obscure clauses, peculiarly adapted to facilitate claims for "extra work." They let the work upon the Aqueduct, from the Croton to the Harlem, principally to the class of persons for whom Thompson had designed the enterprise, and without regard to the amounts bid by other contractors. The principal contracts were let to the firm of O'Brien & Clark, they having received work then estimated at \$6,593,187.50, but on which up to May 1, 1888, they had been actually allowed \$8,613,211.68, and which it is estimated will cost \$9,331,127.68 to complete. The persons interested in the firm of O'Brien & Clark were Heman Clark, John O'Brien, Maurice B. Flynn, John Keenan and John J. Mooney. This firm was organized solely to control a majority of the Aqueduct Commissioners. Clark had had such financial dealings with Commissioner Baldwin as to be regarded as responsible for his favor. O'Brien was a professional politician closely related to Hill, Thompson and others in control. Flynn was considered able to control Commissioner Thompson. Keenan, now a fugitive in Canada for a similar connection with the Broadway Railroad scandal, was held responsible for the vote of Commissioner Loew; and Mooney, the Secretary of John Kelly, was included in the firm to control Kelly's appointee, Commissioner Spencer. None of the last three members furnished anything to the firm but "influence." The other Commissioners were Mayor Edson and William Dowd, a republican, neither of whom did this combination called O'Brien & Clark ever attempt to control. But through the majority of the commission the results were substantially secured for which O'Brien & Clark was organized.

HILL'S DEALS FOR HIS NOMINATION IN 1885.

Such was the situation when Lieutenant-Governor Hill in January, 1885, succeeded to the Governorship, upon the resignation of Governor Cleveland to become President. Hill had one year of Cleveland's unexpired term to serve, and was

desirous of nomination and election in the ensuing autumn. He had been known in Elmira as a jury managing lawyer, and through the State as a politician who had been the protégé and partner of Tweed and his representative in the Legislature, who had endeavored to protect Judge Barnard from impeachment, and who had been placed on the ticket with Cleveland in 1882 as a sop to that element of his party which was dissatisfied with the nomination of Cleveland. It was to this class, the jobbers in public contracts, the rum sellers, and the dealers in votes upon which he had always relied, and it was with the leaders of this class that he plotted for the control of the coming State convention of his party. The Aqueduct and the Public Works each employed thousands of votes, and each could be manipulated to furnish margins of public money for election expenses. O'Brien and Squire, one controlling the Aqueduct and the other the Public Works, commanded Hill's early attention. He captured O'Brien with political position and promises of future assistance, and Squire with a threat to expose the Squire-Flynn letter, of which Hill even then had knowledge.

Hill, contemplating O'Brien's grip on the Aqueduct from the Commissioners to the hod carriers, secured his elevation at once from the obscurity of county politics to the Chairmanship of the Democratic State Committee, a position given him for no other reason than his power over the aqueduct votes and money. O'Brien was flattered by this prominence and anticipated Hill's influence and favors. He was willing enough to furnish delegates and votes for Hill, and provide large contributions of money for Hill's campaign.

Circumstances favored Hill in the capture of Squire. The oft told story of Squire's appointment as Commissioner of Public Works is familiar; how Thompson procured from him a letter in which he agreed, if appointed, "to make no appointments in said office without your (Flynn's) approval, and to make such removals therein as you may suggest, and to transact the business of said office as you may direct;" how Squire failed to meet the expectations of Thompson; and how Mayor Grace waged relentless war upon Squire; the details of all these matters are fresh in the public mind. But how the shrewdness of Hill turned the situation to his own account is not so well known. In the summer of 1885 Thompson chilled by a cold

blast from the White House, and disappointed in Squire, determined to force Squire to resign. With this in view, he exhibited the letter to Hill. This was more than a year before the public exposure. Instead of aiding Thompson by telling Squire to resign, Hill sent for Squire and entered into a secret alliance with him. Hill assured Squire that if he could rely on the help of the Public Works Department at the coming primaries, he would support him against the attacks of Thompson. There was no choice for Squire but to acquiesce. (Squire, p. 27). Relying on Hill he but was strengthened and encouraged to openly defy both Grace and Thompson.

With the Aqueduct and Public Works Department back of him, and with every other organization which he could seduce or procure by his disreputable methods, and with the little opposition to such methods that the Democratic Party of New York ever furnishes, Hill secured the nomination in 1885.

HILL'S CORRUPTION FUND.

The true story of Hill's election over Davenport has never been fully published, and it is necessary to tell an unpublished part thereof, in order to begin the history of Hill's aqueduct notes. Every one will remember that Davenport's election was conceded by the Democrats in the middle of October. It was over confidence, resulting from this concession, that furnished Hill an opportunity which he was quick to seize. Davenport and his campaign managers relaxed their efforts. Hill realized that he must act quietly and without exciting suspicions or renewed efforts on the part of the Republican managers. Open purchase of votes on election day was his only expedient and one to which he did not hesitate to resort. But his campaign funds were exhausted and the State Committee unprepared. Hill took this delicate work into his own hands, where it could be done quietly and well. Thirty thousand dollars was the fund he set out to raise for this use, but his friends had subscribed about all that they could. O'Brien and the rest had been drained of ready money.

HILL'S AQUEDUCT NOTES.

The only course was to discount the future. O'Brien was called in and it was found that he could procure at least a part of the desired funds, provided he could be reasonably certain of obtaining the Aqueduct contracts for Sections 12, 13 and 14, soon

to be let. Hill was willing to give his notes, if he could only find a way to provide for them when due. Accordingly he agreed to aid O'Brien in obtaining the desired contracts, provided O'Brien would get some of the notes discounted and agree to apply the coming profits of the contracts, so far as needed, to paying the notes.

Acting on such agreement, Hill made his notes to the order of William L. Muller, and put them into Muller's hands for negotiation. Mayor Grace and other wealthy Democrats were asked to discount some of these notes temporarily, until such time as the Aqueduct contracts should be secured and become profitable.

THE \$10,000 NOTE DESCRIBED.

Two of these notes have been definitely described by the witnesses before the committee.

Thomas W. Robinson, the cashier of the Mt. Morris National Bank, where one of the notes was discounted, described it as a four months' note for \$10,000 signed by Governor Hill, dated October 29th, 1885, and payable March 2d, 1886, to the order of William L. Muller and endorsed by Muller, John O'Brien and Heman Clark.

Heman Clark's description of the note is as follows, (pp. 130 and 177.):

Q. Did he (Muller) say what he wanted the money for, or what the money was used for? A. Why, yes; he said he wanted the money for Governor Hill.

Q. Whose note was it? A. It was Governor Hill's note and indorsed by Mr. O'Brien and Mr. Muller.

Q. Was it indorsed by Mr. Muller and Mr. O'Brien when presented to you? A. Yes, sir; when it came to me it was indorsed by them.

Q. Do you remember who was the first indorser, Mr. Muller or Mr. O'Brien? A. I think Mr. Muller.

Q. What, if anything, did you do about it? A. Well, money was a little scarce with all of us; I perhaps was a little reluctant about indorsing, but I did do it.

Q. Did you take it up to the Mount Morris Bank? A. No, sir; Mr. O'Brien took it up.

Q. Did you indorse it as an individual in your own name? A. I did.

Q. Do you know who got the money? A. My recollection is that Mr. O'Brien got the money on it.

Mr. Clark then proceeded to testify that Hill's note matured March 3d, (2d) 1886, and was then substituted by a second note for the same amount signed by O'Brien and endorsed by Flynn