

United States of America



J. B. GOSS, SECRETARY AND TREASURER,
WESTERN MACHINE MANUFACTURING COMPANY
VS
O. D. SPRINGER, DOING BUSINESS AS
SPRINGER MERCANTILE COMPANY

I, MIKE HOLM, Secretary of State of the State of Minnesota, Keeper of the Great Seal thereof, and custodian of the bonds pertaining to Collection Agencies, do hereby certify that

Pursuant to the statute, the above entitled cause came on for hearing before me at 10 o'clock A.M. on January 27, 1928. After the taking of testimony on both sides, it is hereby adjudged and decreed:

That the license of the said O. D. Springer, doing business as Springer Mercantile Company be not revoked, as there is no conclusive evidence of intentional fraud or misrepresentation.

However, it is my opinion that the form of book-keeping used by the defendant is not of the best, and any system which permits overage as shown by the evidence adduced should be improved upon.

The whole matter is dismissed without prejudice.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Great Seal of the State of Minnesota at St. Paul this 16th day of February, 1928.



Mike Holm
Secretary of State.

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STATE OF MINNESOTA
DEPARTMENT OF STATE

FILED

FEB 16 1928

Wm. H. Johnson
Secretary of State

HEARING

HELD IN THE OFFICE OF SECRETARY OF STATE

FRIDAY MORNING JANUARY 27, 1928- at 10 o'clock

IN THE MATTER OF

WESTERN MACHINE MFG. CO.

VS

SPRINGER MERCANTILE CO.

J. D. Goss, upon being sworn deposes and says that his name is as above given, that he is Secretary and Treasurer of the Western Machine Manufacturing Company, 447 Rosabel Street, St. Paul, - that he is the party who made and signed the complaint sent to this office relative to the Springer Mercantile Company, and he related the entire affair as it has taken place:

That he does not remember whether the transaction took place in his office, or whether it was handled by mail. His partner Mr. Alsted belonged to a club of which Mr. Springer was a member, and he thinks that these collections were mailed to Mr. Springer or some representative of the company picked them up, - at any rate they got an acknowledgment through the mails, - he stated that if he had seen the acknowledgment -- at the top of which are shown the rates, and so forth, he never would have signed it -- as he noticed that any account that is over two years old requires a rate of 50%. If this had been known, Mr. Goss stated he would not have given the account to Mr. Springer as it was not worth it.

This particular account of Wm. Lindberg was given him along about the last of February - I think in 1926 and along in March some time early in March I got a check for \$4 from the Springer Mercantile Company, stating that \$6 has been collected - and \$2 had been retained as commission.

About a year and a half later another collection agent called at the office and upon looking over unpaid accounts they came across the above mentioned account of Mr. Lindberg, and the agent asked why the Springer Company had done nothing further with it --- the agent then suggesting that the Western Machine Mfg.

Company give the account to him and letting him see what he could do with it. Mr. Lindberg was notified and he immediately sent a notice back to the Company that the account had been paid in full to the Springer Mercantile Company early in March, 1926. This was the first notice I had received that it had been paid- some time in November, 1927.

I went to Mr. Springer's office and asked him what the status quo was on this particular case and he said apparently only \$6 had been paid on it. His stenographer was sitting along side of the desk- a young lady, and upon hearing the conversation she stepped over to the filing case and got a little paper and placed in front of Mr. Springer, whereupon he stated to me that the matter would have to be looked up and he would call me later,-- or in case I was not at the office he would talk to my partner, Mr. Alsted. I waited a week and heard nothing from Mr. Springer. Then I came up to the Secretary of State's Office and inquired-, and the second day after I had been up to that office I got a letter from Mr. Springer with check inclosed,--- the letter stating that there had been an error in the bookkeeping and the amount had been posted to another account. I wrote to Mr. Springer:

(Letter)

"Your letter of the 18th received and contents carefully noted, I am not very well satisfied with your explanation of the way the Linberg collection was handled and am inclined to call the matter to the attention of The Secretary of State, and I rather think I shall do so".

and received the following letter in return (reads letter)

as follows:

"You are at liberty to take up with the Secretary of State's office the matter mentioned in your letter of the 21st. I shall be glad to have you do so. It occurs to me, however, that instead of making the insinuations you do in your letter, you should be pleased with the fact that you have had no difficulty in getting your money from us after the error was discovered. It is my opinion that the motive back of your letter was to give a deliberate offense. Such a motive

may give you a certain morbid personal satisfaction but it does not gain you a friend. Our reputation in this community is above such insinuations."

Mr. Goss stated that he did not intend to make any insinuations but just wanted Mr. Springer to explain the matter.

Mr. Goss produced the cancelled check made out by Mr. A.W.Lindberg to the Western Machine Mfg. Co. which had been endorsed by O.D. Springer, agent, and asked Mr. Springer how it happened that he endorsed the check and still the account was not settled,--- to which Mr. Springer replied that many checks of this kind are received in his company and all signed in the same manner. Referring still to the check it was noted by Mr. Goss that the check was dated March 1st, 1926 but entered upon the books of the Springer Mercantile Agency on February 27-- whereupon Mr. Springer testified that all entries are made on the exact day they are received, but that checks to the various clients are not mailed out until the first of each month covering claims that have been settled.

Mr. Goss said he did not know what kind of a bookkeeping system the Springer Mercantile Company was using but that it seemed all the new fancy systems were not as practicable as the old methods which he employs.

Mr. Springer challenged the remark of Mr. Goss that it was a week after his visit to the office that he received a check covering his account, --saying that the matter was settled the next day,--after a check-up of the books.

Mr. O.D.Springer- of the Springer Mercantile Company 315 Pioneer Building, St.Paul, Minnesota upon being sworn says that the day Mr. Goss came into his office-- you know this is not the only time that people come in to check up matters- this happens right along--- I told him that I would look the matter up. It was necessary to go back to some old journal sheets and I found that we had received payment on this account. (Produced sheets from his journals showing that the check was received in his office and entered on February 27, 1926)--it was listed in our regular manner "Wm.Lindberg(in full) Western Machine Mfg. Co....\$43.16" You will notice that the item below is one covering "E.F.Flamer(Palmer

Photo) Security Adjustment Company.....\$6, which was credited on the same day. In posting this item to the clients' accounts, the bookkeeper made a mistake in crediting the \$43.16 to the account of the Security Adjustment Company. You will take particular notice that we always remit the first of the month after the payment of any money to us, and this payment was made to us February 27, and our check #12022 was sent March 1, 1926 to the Western Machine Manufacturing Company for \$4, being the amount due them, as the posting showed that \$6 had been paid to us, and deducting \$2 commission, this would be the proper amount to remit.

Now I deny the statement of Mr. Goss that it was a week after he was in my office before this correction was made. To the best of my belief it was not more than 24 hours later that I discovered and immediately sent him the money we owed him. We credited his account in the proper amount due him and issued check. At the time I wrote the letter with the explanation I told him that it had been discovered that the \$43.16 had been posted to another account, and if he wishes to take advantage of it, I can't help it, as I told him the truth when I explained that the \$43.16 had been posted to another account and that the error had been made by my bookkeeper. He is questioning my motive and I want it understood that we do not steal anyone's money, and paid him what we owed him immediately after the mistake was discovered. If Mr. Goss would have taken this up with us we would not have had to take it up with you people and would have saved these men valuable time. Mr. Springer remarked that the books of his concern are checked up by a regular certified expert accountant once a year, - that they are not bookkeepers from the standpoint of experts. That the above is the only explanation that he has to make, simply to re-state that the error was made by the bookkeeper at the time and was not brought to our attention until Mr. Goss came into the office and it was discovered that the wrong account was credited, and immediately a check was sent to Mr. Goss and the matter cleared up. That was last he heard of the matter until he received a summons from the Secretary of State's office to appear and that Mr. Goss had made a complaint about him. That he received no notice from this office evidencing the fact that Mr. Goss had called and made

-5-

inquiry of the Secretary of State's Office relative to the Springer Mercantile Company. Was very much surprised when he got the notice to appear at the Secretary's Office at 10 o'clock on Friday, January 27, as he had assumed that the whole matter had been cleared up.

Mr. Holm asked Mr. Goss if he could produce evidence to the fact that it was over a week from the time he called at the office of the Springer Mercantile Company until he received an explanation and the check in payment of the unsettled claim. Mr. Goss said he was positive that it was a week, or 6 days at any rate, whereupon Mr. Springer denied the statement. Mr. Goss declared that it was over a week after he called at the office of the Springer Mercantile Company that he visited the office of the Secretary of State and talked with Mr. Brown, and that 2 days later he received the check from Mr. Springer. Mr. Springer declared that he had received no notice from this office relative to the conversation of Mr. Goss and Mr. Brown. Mr. Springer also stated that it was a day or 2 at the very latest after Mr. Goss was at his office that the error was discovered and a check was sent him in full.

Mr. Holm asked whether there were many complaints of this kind against the Springer Mercantile Company, and if they had ever been sued for claims. Mr. Springer replied that he was sued once about 7 or 8 years, in a controversy over the matter of fees, but have evern been sued for money collected and never remitted, because such ^{has} never been the case, and this is absolutely the only trouble of this kind in ten years where I have been accused of keeping money belong^{ing} to persons with whom I hade dealings, and I have never been accused of not remitting money promptly.

Mr. Goss referred to the time he called at the Springer office when the young lady stenographer stepped to the files and laid before Mr. Springer a slip of paper, evidently showing that some error had been made, whereupon Mr. Springer replied that it was the custom of his stenographer to place before him whatever information was available when he was talking to clients, as that was part of her duty and he does not especially recall the incident at the time.

Mr. Springer also added that the bookkeeper who had made the error in the posting was subsequently dismissed from his services because of carelessness in various matters, and that was something they could not stand for. There was no shortage as a result of these errors, merely errors in entries.

Upon being asked whether or not they have separate accounts covering the people who they are collecting for, Mr. Springer stated that they do not work from ledger sheets when they are collecting, but keep separate file of each case.

Mr. Goss referred to the check signed by Mr. Lindberg in the amount of \$43.16, dated March 1, 1926, yet entered on the books of the Springer Mercantile Agency on February 27, saying that he had positive proof from Mr. Lindberg and he would also testify if necessary that the check was not post-dated. Mr. Springer declared that the check was received on the 27th of February, or else he could not have entered it upon his books as of that date.

Mr. Springer stated that they take in approximately 100,000, to 120,000 claims for collection and handle about \$25,000 to \$30,000 a year. Has one man and two girls working for him, - that the work is handled in some cases by calling, and using a great deal of correspondence and use the telephone a great deal. A man works part times on outside investigations and the serving of papers.

Mr. C. Costello Accountant of the Springer Mercantile Company explained the system of bookkeeping of the company, stating that the the sheets from the ledger produced as evidence were taken from the subsidiary ledger, and there is also a client's ledger where the accounts of the various clients are kept and items posted from the subsidiary to the clients ledger. Explained that the only time an error in the posting would show up would be where there is a detailed audit taken. A daily cash journal is kept where entries are made and from this posted to the client's ledgers and that is how the error occurred and not detected. Upon being asked to explain the matter of the Lindberg check, he stated that the check was evidently received on February 27 the date it was entered, and was presumably post-dated. State that accounts are never left over for a couple of days but always

-7-

entered the day actually received. Stated that they should have brought the regular ledger showing the posting of these items, and also stated the the books balance every day.

Mr. Goss remarked about the system of bookkeeping and said he handled his books in the old-fashioned method and not in the new fancy way that they are being handled these days.

State of Minnesota)ss.
County of Ramsey

J.B. Goss being duly sworn deposes and says that he is the Secretary and Treasurer of the Western Machine Mfg. Co. that on or about Dec. 19th, 1925 the said Western Machine Mfg Co gave the Springer Mercantile Co. some delinquent accounts for collection, among them being one against A.W. Linberg for \$43.76, On March 5th, 1926 the Western Machine Mfg Co. received a check from Springer Mercantile Co for \$4.00 and a statement saying they had collected \$6.00 on that account, remitting us \$4.00 and keeping \$2.00 as their commission. We heard nothing further from the Springer Co. until along in the fore part of November 1927 when this affiant called at the Springer Co. office and enquired about this collection, Mr. Springer said it appeared that the \$6.00 was all that had been paid, but that he would check up their records and would phone the Western Machine Mfg Co. After waiting about a week for him to call us and not hearing from him, this affiant about Nov. 16th, 1927 enquired at your office about rules governing collection agencies and the next day or second afterwards we received a letter from the Springer Co. enclosing a check and an explanation that it was an error of their bookkeeper, and stating that the account had been paid in full. This affiant further states that the Springer Mercantile Co. had this money over a year and eight months, and when the matter was called to said company's attention he made the above excuse, that there are some details about this transaction which have not been satisfactorily explained to this affiant by said Springer; and this affiant desires that an opportunity be given to said Springer to explain his actions in this matter in a hearing before you.

J.B. Goss

Subscribed and sworn to before me

this 19th, day of January 1928

Andrew C. Schuch
Andrew C. Schuch, Notary Public, Ramsey County, Minn
My Commission Expires March 26, 1928.

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*Springer Mercantile Co
Pioneer Bldg*

FRIDAY JAN. 27-10-AM.

