New-York Tribune.

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THE SAN FRANCISCO BANKS.

A DEFALCATION OF OVER $3,000,000.

THE FACT ANNOUNCED ON MR. MILLS'S AUTHORITY—AN OVER ISSUE OF STOCK ALSO DISCOVERED—THE MINT IN DEBT TO THE BANK.

SAN FRANCISCO, Sept. 5.—D. S. Mills authorizes the statement that the defalcation of the late President of the Bank of California will amount to between $3,000,000 and $4,000,000, and that an overissue of stock had been discovered. It is not supposed that this will in any way prejudice the arrangements now being made to rehabilitate the bank.

It has been reported that the Bank of California was largely indebted to the United States mint here. The bank has been refining for the mint, and it was supposed the indebtedness was incurred through that channel. The Superintendent of the mint states that the contrary is true, and the mint owes the bank $125,000, payable on demand.

COIN TRANSFERS.

ANOTHER HALF-MILLION AVAILABLE IN SAN FRANCISCO—TOTAL TRANSFERS SO FAR, TWO MILLIONS AND A HALF.

WASHINGTON, Sept. 5.—There were no transfers of gold to San Francisco by the Treasury Department, yesterday, but it is probable that on Monday additional transfers, amounting to $500,000, to be made from the ballion fund, will be authorized. The aggregate amount of gold transferred is $2,501,000. The transfer yesterday in favor of the National Gold Bank was requested for the purpose of aiding the institution in a retirement of a portion of its circulation. Thus far, as reports coming to the Treasurer indicate, the demand for gold is principally for commercial purposes.

CAUSES AND CONSEQUENCES OF THE FLURRY.

MAMMOTH INVESTMENTS OF THE BANK OF CALIFORNIA—THE BANK DEFEATED BY TRYING TO CONTROL CERTAIN SILVER MINES—FLOOD & O'BRIEN'S SILVER-POSSESSIONS—LAVISH HABITS OF CALIFORNIANS.

[FROM A SPECIAL CORRESPONDENT OF THE TRIBUNE.]

SAN FRANCISCO, Aug. 27.—The occurrence of a severe financial flurry, the severity of which now seems to have been passed, suggests a few considerations on the industrial and monetary affairs of this coast and people. It was a matter of boast with the Californians during the convulsion of two years ago, and the depression which followed thereupon, that they were exempt from that form of disturbance, being on a specie basis. A good many taunts and moral and political lessons were read to the country about its paper currency, which would seem ludicrous if they were reproduced to-day. The most ardent bullionist among them is now willing to admit that gold and silver have some disadvantages as currency, as well as greenbacks, and among them is the indefeasible quality that to be made to earn something gold dollars, like paper ones, must be loaned to some one who has use for them; and if wanted back again by the first depositors, simultaneously and suddenly, they cannot be had. Hence come panics. The surface trouble arises in the current practices of banking; but back of this again is the fundamental question of the value of the use of money. The telegraph has, doubtless, described to you the course of the monetary excitement, its rise and wane. I may confine myself, therefore, to some observations on its causes and consequences. The particular event which marked the outbreak of trouble was, as you know, the suspension of the Bank of California on Thursday afternoon. This bank had long been regarded as one of the strongest banks in the whole country, and, up to a year or so back, it was believed to be far the strongest on the coast. No greater shock to the business interests of the State could have happened. In spite of the usual head-shakers and "I told you so" comments, it must be said the event was quite unexpected by all but possibly a few of its most intimate friends, and possibly a half-dozen of its rivals.

THE GREAT VENTURES OF THE BANK.

The question is naturally asked, "What broke the Bank of California?" The history of this bank dates back to the time of the great failure of Adams & Co. and the run on Page, Bacon & Co., memorable in the recollections of all old Californians. After those events the bank began to gather custom and strength from almost every part of the coast. So great was its power during the period between 1850 and 1864 that it could crush almost any undertaking which it opposed, and establish any which it favored. Many a merchant, manufacturer, and capitalist has had occasion to feel the weight of its resentment. Under the management of Mr. D. O. Mills, its former President, the policy of the bank was autocratic. Its riches were undoubtedly during that time immense, and it has been credited with as high as $5,000,000 surplus. Even before its doors were closed it was supposed the unimpaired capital was $1,500,000. The special weakness of the bank was the scattered and miscellaneous nature of its business. It was generally said that there was no very good, nor very doubtful, enterprise in either California or Nevada in which it was not interested. Among the ventures which have had the patronage of the bank of late may be mentioned, first and foremost, the mammoth Palace Hotel, which will have to be very well managed to pay the interest on its great cost, $7,000,000. Messrs. Ralston and Sharon, the principal owners of this building, have been also the more active officers in the bank. Beside this, the Mission Woolen Mills, the Cornell Watch Company, the Kimball Carriage Manufacturing Company, the West Coast Furniture Company, Artificial Ice Companies, and many other similar, and dissimilar, adventures have been promoted by the bank. Some of them are doing well—the woolen mills and carriage factory for examples—beside being very beneficial to the State and its skilled laborers, and if its advances had all been made to objects of this kind, there would be complete sympathy with its present distress. It has given assistance, however, to numerous land speculations, and I suppose there are hundreds of large tracts, all over the State, "held for a rise," for which the bank's funds have been loaned. Some of these are wild sheep ranges, which cannot, for a long time, be used for anything else, and which cannot, as such, pay interest on the sums they are mortgaged for. Then there are the investments in mining schemes. When the list of assets is published, it will be found to be the most heterogeneous which a banker's portfolio has exhibited for a long time.

THE BANK BROKEN BY ITS MINING STOCKS RISKS.

In the attempt to help its friends and officer-patrons to control the proprietorship of certain mines in Nevada (principally Comstock Lode) it has met its defeat. In addition to all the risks of mining itself are to be reckoned all the machinations of the subtlest set of gamblers on the face of the earth in order to succeed. The stakes are huge, the players bold, and the motions rapid; and he requires a cool head and clear brain to dabble successfully in the stock business as conducted on Californian soil. In this city. I suspect the Californians are the most inveterate gamblers in the world, and if ever the United states should be "cornered" in the money market it would be by a Californian. Among the great chieftains of the mining-stock tournament are Messrs. Flood & Brien, and Wm. Sharon, Senators Stewart and Jones, J. W. Park, and Alonzo Hayward. It happens that Flood & O'Brien, by their partnership with two superintendents of mines, who descend the shafts and examine the workings, have made their firm complete masters of the richest silver mines in the world—the Consolidated Virginia, Ophir, and California. These mines are so rich that they are turning out in dividends over a million and a half a month, and their joint market value, as indicated on the Exchange three days ago, would be over $100,000,000. This firm has undertaken to supply the United States Government with $15,000,000 of silver bullion for minting purposes. Mr. Sharon, as well as Messrs. Stewart and Jones, have been concerned also in the manipulation of these mines, and it has happened more than once that the first named has been opposed to the great firm in a contest for control. It is suspected that Mr. Ralston has also taken a hand, and that the Bank of California has furnished the sinews of war to one or both sides.

EXTENSIVE WITHDRAWAL OF FUNDS.

It is asserted by Flood, and has not been contradicted by Sharon or Ralston, that old feuds had healed, and that there was no design to crush the bank in their minds. But it is also well known that, failing to gain control of the bank, the latter publicly avowed their determination to start a bank of their own, Mr. Louis McLane of New-York being invited hither to manage it. It is certain, also, that large sums have lately been drawn out of the bank by depositors of their caliber, some placing the amount of three checks at $900,000. This occurred at a time when the means of the bank had been scattered over thousands of miles in property, part of which was unproductive, and was sufficient to bring about a crash without taking into account the demands for the movement of the crops, all of which, besides being legitimate, were to be foreseen. If anything more were needed to account for this disaster, it may be found in that law of moral gravitation, whose unseen but certain attraction pulls resistlessly, and is synonymous with fate. Mr. Ralston, though succeeding to and continuing the personal sway exercised by Mr. Mills, was in some respects a different man. Ralston was an exaggerated type of the prevalent San Francisco millionaire. He was a great "reception-ist," if I may coin the word. He indulged in a fine country mansion, fine horses, fine dinners, fine company. He "entertained" and did not stint. A certain extravagant profuseness, not unmixed with unpardonable ostentation, characterizes many of the *nouveaux riches* of this city, and no two men have their failings so openly proclaimed just now as Ralston and Sharon. These lavish tendencies, however much they may divert the thoughtless, are not calculated to commend themselves to small capitalists whose means are the result of long years of self-denial; and the Bank of California had, for some reason, lost a good many of such depositors of late.

HOW THEY SCATTER MONEY IN CALIFORNIA.

This leads me to remark that not even the prolific soil and auspicious climate of California can maintain on a large scale or for a long time the all-pervading extravagance in expenditures which here obtains. The whole scale of living is pitched too high, while that of work is pitched too low. There are too many diamonds, too many $500 gold watches, too many $200 silk dresses, too many horses for which $500 and upward have been paid. My meaning may be more clear when I state that in an extended tour from the Mexican boundary to the British possessions, covering more than 3,000 miles by land, I have seen less than 50 white men in the fields at manual labor. A few I have seen driving a reaper or team, but the agricultural hand labor, in field and garden, like a large share of the indoor work, is done by Chinese. At the same time I have counted not less than 50 race-tracks, most of them with spectators' stands and appurtenances complete. Nowhere are the women as expensively dressed. Theaters thrive even in the little towns. A liquor shop is the first place of business established in any settlement, and is generally the best fitted and patronized. Those of San Francisco are the most showy and costly in the country. The practice of drinking seems to have fastened itself on all classes. No one, I am told, can be elected to any popular office who does not practice the habit of promiscuous tippling. It is said that one of Senator Jones's claims to the gratitude of his constituents arises from his procuring the new twenty-cent coin to be minted, as this enables a gentleman to invite his friend to drink at the minimum rate. I might add that the liquors drank are mostly from the East, though much of them from abroad, singularly enough, the excellent native wines and brandies being neglected.

This is an indication of the waste and prodigality of the country. There are plenty of evidences on all sides of this same indifference to thrift. A newspaper sells at five cents in the streets of this city, but at ten elsewhere in the State. Boot-blacking is a "bit." Car-conductors return their tickets as change for 25 cents. A hack from steamer or depot to hotel is $2 50, and woe be to the intrepid traveler who ventures to insinuate that it is too much. In practice, five and ten-cent pieces are about as scarce as in New-York, while of bulky half-dollars there is a glut. Collections are made in stout canvas bags, and one's pockets are loaded down with the weighty jingling metal. It is a partial cure for the desire to return to actual specie payments to be afflicted with the semi-barbaric round disks of yellow and white metal, known to our old people as "double eagles" and silver dollars. No country can be thoroughly prosperous in which there is no small change. We ought to be able to buy something for a penny. What is needed (not what is wanted) here is a sharper competition and a closer economy in small things. An infusion of a hundred thousand thrifty Germans or Scotch would bring things down to a wholesome level. Time will bring it about.

AN ELASTIC RECOVERY EXPECTED.

The effect of this panic will not be lasting. A mercurial temperament and intense devotion to "luck" will soon restore former conditions. The Emperor Napoleon was wont to direct the savings of his subjects into rentes by jealously keeping foreign loans from the Paris Bourse. If one had his arbitrary power he might with advantage tax gold and silver mining speculation out of existence and supply in their stead something more stable. Government bonds, State bonds, and the like, are scarce here, and besides they pay but five or six per cent interest on their cost, and these financiers want 10 to 25. What must happen to a country where money commands one to two per cent per month interest? Farmers, merchants, and miners all over are paying such rates. It needs a panic occasionally to convince men that they are out of proper range.

BUSINESS METHODS OF D. O. MILLS.

WHAT MAY BE EXPECTED OF THE BANK OF CALIFORNIA UNDER THE NEW MANAGEMENT.

A gentleman of this city, who has frequently met D. O. Mills, expressed, in conversation with a TRIBUNE reporter, his regret that such haste had been made in spreading the news of Ralston's defalcation. He then continued: "Mills is a man of the strictest methods of business. He allows neither the wishes nor the reputation of his friends to interfere with the success of any of his undertakings, and when he found that the disasters of the Bank of California were in any way due to irregularities in Ralston's management he was not the man to hesitate in fixing the blame where it belongs. Mills is a man of few words, and the little that he says is usually confined to mere matters of business. His questions regarding the details of any business, in which he is the leader, are brief as they can be made, and he requires that the answers to them shall be of the same nature. He accepts no statement that is indirect, or that requires explanation. His management will be eminently safe, and the Bank of California, if it is reëstablished, will not aid any scheme for developing the country, unless it shall offer the best security for an advance. With the death of Ralston the widely speculative as well as the charitable element went out of the bank. The Ring, which centered in the bank, was led by Ralston, but he was not profited by its transactions. Whether or not Ralston be made the scapegoat to bear the sins of the Ring, he has left behind him a large circle of friends, whom he aided, and acquaintances who admired him, and with them nothing that can be produced will have any effect prejudicial to his memory."

SILENCE PRESERVED IN ORDER TO PROTECT CREDITORS OF THE BANK.

SAN FRANCISCO, Sept. 5.—*The Bulletin* published an editorial last evening in which, after referring to the course of that paper with regard to the Bank of California and Mr. Ralston, it says:

When the bank suspended last week we thought it our duty to protect as far as possible the depositors and all creditors of that institution. We published just so many facts as we believed would best serve the purpose, and no more. We then said that the failure was owing to the mismanagement of the late president, and that this mismanagement was without the knowledge of the directors. * * We preferred to suffer the assaults of our enemies rather than to give facts, at a time when they might furnish a complete vindication of our attitude toward the bank, but might at the same time hinder, and possibly defeat, the plans which the directors were devising for the protection of the creditors of that institution. The directors, some of whom have always been stanch friends of *The Bulletin*, and are so now, have perfected their plans and have settled on a basis of action whereby every creditor of the bank will be fully paid. We have full confidence both in the ability and good faith of these men. They will redeem their pledge, and may ultimately make the same statement that the one which suspended. * * * We are now authorized by D. O. Mills to say that the late President did, without the knowledge of the Directors, use privately from $3,000,000 to $4,000,000 of the bank's resources, which amount remains unpaid. This was the cause of the recent failure. Probably elsewhere this would have been set down as a defalcation. We are also authorized by the same authority to say that there was an overissue of stock, which overissue has never been provided for. The particular use which was made of this large sum of money it is not our duty to mention. When these discoveries were made, the connection of the late President was at once severed. Between $3,000,000 and $4,000,000 of money had gone out of the bank without the knowledge of a single director.

AN EFFORT FOR THE PARDON OF STOKES.

ALBANY, N. Y., Sept. 5.—A petition for the pardon of Edward S. Stokes has been sent to Gov. Tilden.

A FAVORABLE ARRANGEMENT FOR FREIGHT RATES ENDED.

ROCK ISLAND, Ill., Sept. 5.—*The Argus* says that "on inquiry at the general office of the Rockford, Rock Island and St. Louis Railroad here, we learn that the Chicago, Rock Island and Pacific Railroad Company and the Chicago and North-Western Railroad Company have terminated the favorable rates heretofore given the Rockford, Rock Island and St. Louis Railroad Company on freight for Chicago and the North-West, and now charge full local rates. This, we hear, is the result of the injudicious course pursued by Mr. H. Osterberg, agent of the German bondholders, in attacking those roads and falsely charging, in an interview procured by him and published in New-York newspapers, that the Rockford, Rock Island and St. Louis road had been run in the interest of the former road."

WASHINGTON.

THE WAY THE INDIAN BUREAU MANAGES.

HOW ARTICLES ARE IMPOSED UPON THE INDIANS THAT THEY DO NOT ORDER—A REIGN OF TERROR AMONG HONEST AUDITING CLERKS—A STEAL UNDER COVER OF "EXTRAS."

[BY TELEGRAPH TO THE TRIBUNE.]

WASHINGTON, Sept. 5.—In *The Capital* to-day Gen. Walker returns again to the elucidation of facts connected with the Indian Ring. He says the peace policy has never had a fair trial. He even goes so far as to say that that policy has had no real existence since Mr. Delano's accession to office. Gen. Walker continues as follows:

The best proof of this statement is furnished by the fact that the oldest and best friends and warmest advocates of that policy now stand aloof, while Mr. Delano's friends appeal to "the Christian public" to shut their eyes and ears to the corruption which he has fostered, and which the "ungodly public" persist in talking about. How long would the army accounting system be a synonym for integrity, if say a quartermaster took upon himself to purchase 1,000 tons of hay, or make any other large purchase, without authority from his superiors, on the assurance of a contractor that it was all right, whether the hay was needed or not? And were he afterward to learn that the hay had been paid for, without any explanation of its necessity from him, he would soon begin to think that duty to himself required a similar transaction on his own account. This is the key to the whole fraudulent Indian business. A ring of contractors and department officials have an understanding, sometimes tacit, sometimes more binding, that certain vouchers shall be paid. The contractors arrange with the agents, their official superiors arrange with the contractors, to approve accounts, and the ring is complete.

This is the precise way in which the Indian Bureau has been managing its affairs for several years. Take, for instance, the accounts of A. N. Wilder and G. M. Dodge. Some of the bills which they presented and had paid were for articles which neither the agent nor the Indians asked for, and some even for articles so inferior to the kind contracted for as to be totally worthless. Yet the amounts charged were paid in full, and not only so, but Secretary Delano, Assistant Secretary Cowen, Commissioner Smith, and Mr. Assistant Attorney-General Smith all used their official positions in aid of such payments. Worse than all this, too, is the well-known "reign of terror" which has existed among honest auditing clerks for the past few years to such a degree that they have feared to act at all conspicuous in pointing out the frauds, which daily come under their notice, lest the Indian Ring might chop their official heads off.

A couple of years ago, when Indian delegations were visiting here in Washington, the Board of Indian Commissioners found that the bills for extras, such as carriages, theaters, tickets, fruits, tobacco, drugs, &c., were enormous, and when they were presented for the approval of the Executive Committee, a close examination was entered into. It was discovered that carriages were charged for by the day, when not in use at all; that tickets for Indians, interpreters, and all the camp-followers, were charged for, for the National Theater, Ford's Opera House, and the Metropolitan Variety Theater, for the same nights; that tooth and nail-brushes, costly hair-brushes, combs, &c., were put down as for Indians; that tobacco to the amount of over a pound a day to each Indian was charged for, and that money was expended for purposes which must remain unmentionable. It was found, too, that the plunder was shared in very generally here, and that one such official, who for the honor of this country shall be nameless, received a suit of clothes as his share of the clothing steal. * * *

Mr. Delano absented himself from his duties so frequently and so long that even if honestly disposed toward official business it must suffer. From April 1, 1873, to April 1, 1874, out of 365 days, he absented himself from his office 137. Yet he appears to have drawn his salary with very remarkable regularity.

CURRENT TOPICS AT THE CAPITAL.

REMOVAL OF THE LARAMIE POSTMASTER.

WASHINGTON, Sept. 5, 1875.

In the attempts of Postmaster Jewell to prevent mails from being used by lottery dealers, he has just removed the postmaster at Laramie in Wyoming. An investigation was ordered by Mr. Jewell and developed the fact that Abbott, the postmaster there, had been receiving a monthly stipend of $100 from a lottery dealer named Potter, who has lately moved from Omaha to Laramie. His lottery, which is a great scandle, has been extensively advertised at the East and largely patronized. The payment to Abbott was to promote care in the delivery of packages. Both Potter and Abbott were able to rally considerable official influence to prevent the removal, but to no purpose, as Mr. Jewell very promptly gave them to understand.

APPOINTMENTS.

The President has appointed R. Holland Duell of New-York, Commissioner of Patents, vice Thacher, resigned; P. J. Kaufman, Receiver of Public Moneys at Huntsville, Ala.; Levi Woodward, Agent for the Indians at the Sac and Fox Agency, Indian Territory; A. Sidney DeWolf, Collector of Customs for the District of Bristol and Warren, Rhode Island; Ora Haley, Postmaster at Laramie City, Wyoming Territory.

BAD CONDITION OF PENNSYLVANIA-AVE.

The Commissioners for the District of Columbia decline the request of prominent citizens for the repair of Pennsylvania-ave. While appreciating the rapidly decaying condition of the avenue pavement, they do not feel authorized to do more than make temporary repairs where absolutely needed, and involving but little expense. They will, however, call the early attention of Congress to the subject.

SECRETARY DELANO'S INTENTIONS.

To-day a gentleman of standing here said that he had seen a letter from Secretary Delano, written lately from Ohio, in which he said that he did not intend to return to Washington to perform any official duty, the inference being that he should retire from office very soon. The indications are still strong that Mr. Pratt will succeed to the Secretaryship.

GOV. WELLS QUALIFIES AS DISTRICT-ATTORNEY.

Ex-Gov. Wells, the recently appointed United States Attorney for the District of Columbia, took the oath of office yesterday, thus relieving ex-Judge Fisher. H. H. Wells, jr., was appointed assistant.

GEN. SHERMAN TO REVISE HIS BOOK.

Gen. Sherman contemplates a revised edition of his Memoirs, and has written to some officers, whom he misrepresents in the first edition, promising to correct some of the errors in a second.

THE VICKSBURG MAIL ROUTE LET.

The Post-Office Department has concluded a contract with the Vicksburg and New-Orleans packet lines for a tri-weekly mail service between those points for $35,000 per annum.

THE TREASURY PACKAGE LARCENY.

SLOW PROGRESS MADE IN THE EXAMINATION OF BROWN.

WASHINGTON, Sept. 5.—The preliminary examination of Theo. W. Brown, for complicity in the Treasury robbery, was continued yesterday. The most important evidence was the affidavit of Thomas Phillips of Baltimore, which set forth the particulars of Wm. H. Ottman entering the saloon of the affiant and exchanging a $500 bill for other funds.

Mr. Whitney, clerk in the Treasurer's Office, having been recalled, said that at a rough estimate the number of $500 notes issued was about $10,000,000. They principally found their way into banks. The $17,000 stolen were of the series of 1874.

Henry O. Noyes, reporter for *The Evening Star*, was called for the purpose of testifying concerning the admissions of Hallock, shortly after his arrest, concerning the larceny of the money.

A dispute arose among counsel as to the admissibility of his testimony. The Court reserved its decision till Tuesday, to which day adjournment was had.

CAPT. SMITH OF THE YACHT EVA LOST AT SEA.

FORTRESS MONROE, Va., Sept. 5.—Capt. B. Smith, sailing-master of the schooner yacht, Eva, of the New-York Yacht Club, was lost overboard on Thursday, Sept. 2, at 2:30 a. m., about 40 miles South of Cape Henlopen. There was a gale of wind at the time, with a heavy sea. The yacht was running before the wind, and the captain was sitting on the rail. He lost his balance and fell overboard. The yacht was immediately hove to and a boat lowered, but in the darkness and heavy sea it was impossible to save him.

A BURGLAR SHOT AND CAPTURED.

ELMIRA, N. Y., Sept. 5.—A burglar was shot at Great Valley, Cattaraugus County, last night, and captured after a desperate resistance. The ball took effect in the leg breaking the bone. His name is John Weston, a printer by trade, who has been hanging about the place all Summer. An accomplice escaped. Goods to a large amount were found in the store packed up, ready for removal. The neighborhood is much excited about the affair.

POLITICAL.

THE PENNSYLVANIA CANVASS.

THE CONTROL OF THE ERIE CONVENTION—A BITTER STRUGGLE BETWEEN SENATOR WALLACE AND CONGRESSMAN RANDALL.

[FROM THE REGULAR CORRESPONDENT OF THE TRIBUNE.]

PHILADELPHIA, Sept. 4.—The contest for the Governorship at the Erie Convention is pretty certain to be narrowed down to a struggle between the supporters of Judge Henry P. Ross and those of ex-Gov. Wm. Bigler. But underlying this contest is a bitter fight for power and precedence between two leaders, who represent different elements in the Democratic party. These men are Senator Wallace and Congressman Randall. Senator Wallace, by dextrous combinations and maneuvers, and by a thorough mastery of the game of politics as played at Harrisburg, secured an election to the United States Senate last Winter, which gives him ex-officio, so to speak, the right to assume the leadership of the party in the State. He has been at work "setting up" the Erie Convention to suit himself, his ticket being Judge Ross for Governor and Mr. Noyes (also a candidate for Governor), for State Treasurer. Mr. Randall is working to break this slate. His objections to it are that it is supported by the men who by their affiliation with the dominant, corrupt Republican rings in Philadelphia and Harrisburg have demoralized and nearly ruined the party. He declares that this Convention must be kept free from this blighting ring influence, and he is going to Erie to make a fight on that issue. Gov. Bigler is his candidate.

As soon as the newly made Senator found that the veteran Congressman could not be coaxed to pull in his team, he tried the virtue of threats. Mr. Randall is a candidate for Speaker of the House, and if he can go into the contest with the united Democratic delegation from Pennsylvania at his back, his prospects for success are very flattering. A counter-attack upon his candidacy at once suggested itself to the strategic mind of Mr. Wallace as the way to force him to cease his opposition to the Erie slate. A mutual friend was found to write a letter of advice and warning. "Why do you oppose Mr. Wallace's plans?" said, in substance, the mutual friend. "He controls the votes of at least three members from this State, and if you persist in your course, he will throw them against you in the Democratic caucus at Washington, and by breaking up your delegation ruin your chances for the Speakership. Be prudent, and don't trouble yourself about the Erie Convention." Mr. Randall is usually a good-natured, even-tempered man; but this was too much. Here was this newly-fledged Senator, who had scarcely got his seat warm at Washington, threatening to defeat him for Speaker if he interfered with the scheme of the Treasury Ring to capture the Erie Convention! It was too much for an old politician to endure. Mr. Randall rose in his wrath. Then he sat down again and wrote a letter to the mutual friend, intended expressly for Mr. Wallace's perusal. A highly sulphuric letter it was, too. If it did not tell the Senator to go to the hot place in plain terms, it hinted strongly that way. It announced that if Mr. Wallace proposed to fight him on the question of sustaining the Treasury Ring, and nominating candidates to protect it, he would make the fight a hot one. Swords being thus formally and fiercely crossed by the combatants, the duel at Erie promises to be highly interesting. It may be carried on only in committee rooms and hotel parlors—behind the scenes, as it were—but it is not improbable that it will be fought out on the open stage of the Convention.

Each of the combatants will no doubt be ready to drop his candidate for Governor and take up a new one, if he can win thereby. It need not, therefore, surprise any one if some man who has scarcely been mentioned gets the nomination. The delegates from the Eastern counties of the State will meet at Williamsport on Sunday and Monday, before proceeding to Erie, and those from the Western counties will rally at Pittsburgh. The informal caucuses at those places will have a good deal of influence in shaping the action of the Convention.

THE THIRD TERM DISCUSSION.

HOW THE REPUBLICAN PRESS STAND.

From The Utica Herald (Rep.)

We are within a week of the Republican State Convention. One of the duties of that Convention is to adopt a resolution declaring the Republican party emphatically opposed to a third presidential term for any man, whether it be the present President or any who may come after him. It is still a matter of doubt whether those who have the control of this Convention will respond to the wish of the masses in this matter. We beg to submit to their consideration the following list of Republican journals in the State which have spoken out on this point. It will be seen that those who favor the adoption of a resolution are not few in number or small in influence. They represent the Republican constituency in their several localities. The only three journals which have openly opposed such a resolution we have set opposite:

Rochester Democrat,	*New-York Commercial Advertiser,*
Albany Express,	*Buffalo Commercial Advertiser,*
Albany Journal,	*Troy Times.*
Harper's Weekly,	
Binghamton Republican,	
Binghamton Times,	
Syracuse Journal,	
Syracuse Standard,	
Auburn Advertiser,	
Watertown Times,	
Owego Gazette,	
Ogdensburg Journal,	
Newburgh Journal,	
Cortland Standard,	
Louisville Republican,	
Utica Morning Herald.	

In the intervening week there is time for a much more general expression of opinion on this important subject. The policy of silence is the policy of cowardice. Let every paper speak as its mind prompts it and as it understands the people to feel. The Convention may be in need of instruction.

SENATOR CAPERTON FOR INFLATION.

HE THINKS THE ATTEMPT TO RESUME WILL FAIL.

WASHINGTON, Sept. 5.—A published letter from the Sweet Springs of Virginia refers to the financial views of Senator Caperton of West Virginia, who is at that resort. He is represented as saying that nearly all the Democratic journals in the East have gone mad on the subject of the currency. The Senator is represented as being the most ultra of the paper money advocates, affirming that it would be a calamity to resume specie payments at the present time. The Senator said he was convinced that the attempt to resume, according to the Republican plan in 1879, would, if persisted in, inevitably fail, to the dishonor of the national credit. He believes the attempt to resume at the time fixed will result in a virtual protest of the Government paper, and will postpone rather than hasten resumption.

DELEGATES TO THE REPUBLICAN STATE CONVENTION.

ALBANY, Sept. 5.—The McEvan Democrats have selected the following delegates to the State Convention: IId District, Joseph McCann, Robert H. Waterman, and Charles S. Fairchild. IIId District, William H. Keeler, Erastus Corning, and Rufus W. Peckham. The Morgan Democrats have selected the following: IId District, Eli Perry, Edward Newcomb, and John Clemshire. IIId District, John T. Marvin, E. J. Meegan, and Alva H. Tremain.

SARATOGA, N. Y., Sept. 5.—William A. Sackett, G. W. Town, and John A. Viatten have been chosen delegates to the Republican State Convention; John T. Ross was chosen delegate to the Judicial Convention, and J. L. Butler, S. W. Houghton, and Doug Winne delegates to the Senatorial Convention. The Convention recorded the name of the Hon. Charles S. Lester for Supreme Court Judge, and the Hon. George West for Senator.

ITHACA, N. Y., Sept. 5.—The following Delegates from Tompkins County have been elected to the Republican State Convention: M. L. Bastwick, Charles City, Josiah Hawes, and Stephen Davenport. To the Senatorial Convention: W. O. Wickoff, V. P. Cross, Lewis Grover, Steven Davenport, L. H. Van Kirk, and D. S. Biggs.

ROCHESTER, N. Y., Sept. 5.—The following have been elected delegates to the Republican State Convention: Livingston County—S. B. Alling, J. L. Burleigh, A. A. Bunnell, J. W. Sickley; Monroe County, Ist and IIId District—A. S. Mulford, H. P. Wilbur, C. S. Wright, Geo. F. Danforth, Herman Glass, and Stephen Bennett.

OWEGO, N. Y., Sept. 5.—At the Tioga County Republican Convention held at Owego yesterday, the following were chosen delegates to the State Convention: The Hon. Wm. Smyth, E. B. Gere, S. B. Davidge, and Theodate Sawyer.

POUGHKEEPSIE, N. Y., Sept. 5.—The following were chosen delegates to the Republican State Convention for the IId District of Dutchess County: John I. Platt, Richard Kenworthy, George Lamore, and Henry N. Vedder.

MIDDLETOWN, N. Y., Sept. 5.—Moses D. Stivers, Robert W. Colfax, the Hon. Edward M. Madden, and Robert M. Thompson, have been elected delegates to the Republican State Convention from the IId District of Orange County.

AUBURN, N. Y., Sept. 5.—The delegates to the Republican State Convention are as follows: Ist District, George G. Watson, George Rathbun, Sylvester Wright, and Henry Stokes; IId District, M. L. Williams, Jesse B. Young, H. W. Andrews, and John Underwood.

LOCKPORT, N. Y., Sept. 5.—At a Republican District Convention, the following Delegates were elected to the State Convention: Ist District, John E. Pound, Artemas Comstock, and J. B. Badcock; IId District, Wm. V. Corwin, William Pool, and E. K. Arnold.

CORNING, N. Y., Sept. 5.—The following were elected delegates to the Republican State Convention from the IId District of Steuben County: John Vischer, J. R. Sheldon, T. S. Pritchard, W. S. Hodgman, J. C. Vanarsdale.

TROY, N. Y., Sept. 5.—The following are the delegates from Troy to the Republican State Convention: Gilbert Robertson, Wm. E. Kisselburgh, J. Seymour Scott, and F. N. Mann, jr.

PALMYRA, N. Y., Sept. 5.—John W. Corning, A. J. Bixby, and C. B. Herrendeen have been elected delegates to the Republican State Convention from the IId District of Wayne County.

CARMEL, N. Y., Sept. 5.—Hamilton Fish, jr., and Gilbert T. Ludington have been elected delegates from Putnam County to the Republican State Convention.

NEWBURGH, N. Y., Sept. 5.—The Republicans of the Ist District of Orange County have elected John Corwin, C. H. Kimball, J. Drew, and J. H. Goodal delegates to the Saratoga Convention.

RONDOUT, N. Y., Sept. 5.—The following Delegates have been elected to the Republican State Convention in the Ist Assembly District: the Hon. Thos. Cornell, Wm. M. Hayes, and Geo. C. Van Keuren.

PORT JERVIS, N. Y., Sept. 5.—John Waller, Gideon Wales, and John McDuffie have been elected Delegates from Sullivan County, to the Republican State Convention.

A DEMAND FOR REFORM BY THE TOMPKINS COUNTY REPUBLICANS.

ITHACA, N. Y., Sept. 5.—At the Convention of Tompkins County Republicans yesterday resolutions were unanimously passed in opposition to official corruption, and requesting the State Convention to boldly declare its position on all the great questions of the day. Resolutions were also unanimously passed instructing the Senatorial delegates to support the renomination of J. H. Selkreg as Senator from the XXIVth District.

SPEAKER McGUIRE BEATEN IN CHEMUNG COUNTY—GOV. TILDEN APPROVED.

ELMIRA, N. Y., Sept. 5.—At the Chemung County Democratic Convention yesterday, the Hon. D. B. Hill, the Hon. John Murdock, and the Hon. Edmund Miller were elected delegates to the Syracuse Convention. Resolutions strongly approving of Gov. Tilden's efforts in behalf of reform were adopted. Speaker McGuire was a candidate for State delegate, and was badly beaten.

THE CALIFORNIA ELECTIONS.

SAN FRANCISCO, Sept. 5.—The contest between Messrs. Clayton and Bryant is still undecided. Mr. Badlam, Independent, is no doubt elected Assessor. One or two minor offices are in doubt, otherwise the Democrats are thought to have made a clean sweep. The Legislature is strongly Democratic without doubt, but the returns are meager.

LEGISLATIVE NOMINATIONS IN CAYUGA COUNTY, N. Y.

AUBURN, N. Y., Sept. 5.—George I. Post was nominated by the Republicans yesterday for member of Assembly from the 1st District, and John S. Brown from the IId District.

AN ELECTION FOR SENATOR ORDERED IN WEST VIRGINIA.

WHEELING, West Va., Sept. 5.—Gov. Jacob has ordered an election to be held on the 7th of October, to fill a vacancy caused by the death of Senator Pamell.

CANAL REFORM.

THE CANAL BOARD TO MEET ON TUESDAY.

STOPPAGE OF PAYMENTS ON CERTAIN CONTRACTS IN VIEW—ENGINEERS FAY'S AND SWEET'S CASES TO BE HEARD.

[BY TELEGRAPH TO THE TRIBUNE.]

ALBANY, N. Y., Sept. 5.—A special meeting of the Canal Board has been called, at the request of Lieut.-Gov. Dorsheimer, Secretary Wilkes, and Controller Hopkins, for Tuesday, the 7th inst., to consider the recommendation made by the Canal Commission that payments be stopped upon a number of contracts on the Western Division in which frauds have been developed. The meeting, it is highly probable, will also act upon the case of John D. Fay, formerly Canal Commissioner, and now Division Engineer at Rochester, who has been freely charged in the reports of the Commission with complicity in the Belden and Denison frauds. The reports of the Legislative Canal Investigating Commission relative to the Otisco Lake reservoir, which charged C. A. Sweet, Division Engineer of the Middle Division at Syracuse, with false measurements and certification of work not done, will be read, and probably some action will be had by the Board. The hearing of Division Engineer Yates and Resident Engineer Babcock will not be had until a week from Tuesday.

FILING OF PAPERS IN THE BELDEN & CO. AND DAVIS CASES.

ALBANY, Sept. 5.—The affidavits and complaint upon which Judge Westbrook granted an order of arrest against Denison, Belden & Co., and also the papers in the proceedings against Thaddeus C. Davis, were filed this afternoon in the County Clerk's office.

WHAT THE OSAGE COMMISSION DID.

TWO OPEN COUNCILS WITH THE OSAGES—TWELVE DAYS' SESSION AS A COURT OF INQUIRY—COMPLAINTS OF INJUSTICE DONE TO THE COMMISSION.

ST. LOUIS, Sept. 5.—The Commissioners who recently investigated the charges against Indian Agent Gibson of the Osage Indians, arrived here from Lawrence, Kansas, yesterday en route to Washington. They say they had two open councils with the Indians, lasting three days, and gave them an opportunity to make all their statements, without being prompted or intimidated by any person. The Commissioners then sat as a Court of Inquiry. Some forty white men and Indians were examined under oath regarding the matters under investigation. The Indians were divided into two parties, one in favor of and the other against Gibson, and both sides were allowed to bring their own witnesses without reserve. C. W. Blair of Kansas, and Col. Bell of the Cherokee Nation acted as counsel for one side, and the Pawnee-Noblesse, an Osage Indian, and Chetopa, the Chief Counselor of the Nation, for the other. The Court continued twelve days, and evidence covering 500 pages of foolscap was taken. The Commissioners will remain here until Tuesday next, to review the evidence and make up their report; but they decline to give any intimation what their decision will be. They complain of great injustice done them by false and persistent statements sent over the country through the press. These statements are said to have been made by Kansas City and Leavenworth reporters, who only attended court two days, while that body sat twelve, and therefore heard but a small part of the evidence, and none of that given on Gibson's side.

A DROWNING ACCIDENT AT BOSTON.

BOSTON, Sept. 5.—A small sail boat with seven young men started at midnight last night down the harbor. When off Long Island it was capsized by a squall, and Edward Well was drowned. The balance of the party was rescued in an exhausted condition, by parties who heard their cries of distress, and put off from the shore in boats.

GOV. TILDEN'S PARDONS.

ALBANY, Sept. 5.—Out of one thousand applications made to him for pardon, Gov. Tilden has granted sixty-n