JAN 7 1874

THE VIRGINIUS.

MESSAGE FROM THE PRESIDENT.

Text of the Negotiations with Spain Regarding the Vessel.

FROM BLUSTER TO BACK DOWN

Vacillating Policy Dictated to Minister Sickles by Secretary Fish.

The Two Games---Bluff at Madrid, Euchre at Washington.

SPAIN WINS BOTH.

History of the Sliding Scale of Reparation.

The Grounds on Which Attorney General Buchu Waived the Salute.

WASHINGTON, Jan. 5, 1874.

The President to-day sent the following Message to the Senate and House of Representatives:—

EXECUTIVE CHAMBER, WASHINGTON, D. C., Jan. 5, 1874.

In my annual Message of December last I gave reason to expect that, when the full and accurate text of the correspondence relating to the steamer Virginius, which had been telegraphed in cipher, should be received, the papers concerning the capture of the vessel, the execution of a part of its passengers and crew, and the restoration of the ship and the survivors would be transmitted to Congress in compliance with the expectations then held out. I now transmit the papers and correspondence on that subject.

A LITTLE OF THE VESSEL'S HISTORY.

On the 26th day of September, 1870, the Virginius was registered in the Custom House at New York as the property of a citizen of the United States, he having first made oath, as required by law, that he was the true and only owner of the said vessel, and that there was no subject or citizen of any foreign prince or State, directly or indirectly, by way of trust, confidence or otherwise interested therein. Having complied with the requisites of the statute in that behalf, she cleared in the usual way for the port of Curaçoa, and on or about the 4th day of October, 1870, sailed for that port. It is not disputed that she made the voyage according to her clearance, nor that from that day to this she has not returned within the territorial jurisdiction of the United States. It is also understood that she preserved her American papers, and that when within foreign ports she made the practice of putting forth claim to American nationality, which was recognized by the authorities at such ports. When, therefore, she left the port of Kingston in October last, under the flag of the United States she would appear to have had, as against all Powers except the United States, the right to fly that flag and to claim its protection, as enjoyed by all regularly documented vessels registered as part of our commercial marine. No state of war existed conferring upon a maritime Power the right to molest and detain upon the high seas a documented vessel, and it cannot be pretended that the Virginius had placed herself without the pale of all law by acts of piracy against the human race. If her papers were irregular or fraudulent the offence was one against the laws of the United States, justifiable only in their tribunals.

PRESIDENT GRANT'S FIRST DEMAND OF SPAIN.

When, therefore, it became known that the Virginius had been captured on the high seas by a Spanish man-of-war, that the American flag had been hauled down by the captors, that the vessel had been carried to a Spanish port and that Spanish tribunals were taking jurisdiction over the persons of those found on her, and exercising that jurisdiction upon American citizens, not only in violation of international law, but in contravention of the provisions of the Treaty of 1795, I directed a demand to be made upon Spain for the restoration of the vessel and for the return of the survivors to the protection of the United States, for a salute to the flag and for the punishment of the offending parties.

MODIFICATION OF THE DEMANDS.

The principles upon which these demands rested could not be seriously questioned, but it was suggested by the Spanish government that there were grave doubts whether the Virginius was entitled to the character given her by her papers, and that, therefore, it might be proper for the United States, after the surrender of the vessel and the survivors, to dispense with the salute to the flag should such facts be established to their satisfaction. This seemed to be reasonable and just. I therefore assented to it on the assurance that Spain would then declare that no insult to the flag of the United States had been intended. I also authorized an agreement to be made that, should it be shown to the satisfaction of this government that the Virginius was improperly bearing the flag, proceedings should be instituted in our courts for the punishment of the offence committed against the United States. On her part Spain undertook to proceed against those who had offended the sovereignty of the United States or who had violated their treaty rights. The surrender of the vessel and the survivors to the jurisdiction of the tribunals of the United States was an admission of the principles upon which our demand had been founded. I therefore had no hesitation in agreeing to the arrangement finally made between the two governments—an arrangement which was moderate and just, and calculated to cement the good relations which have so long existed between Spain and the United States.

THE VIRGINIUS SURRENDER.

Under this agreement the Virginius, with the American flag flying, was delivered to the navy of the United States at Bahia Honda, in the island of Cuba, on the 16th ult.

SINKING OF THE VIRGINIUS.

She was in an unseaworthy condition in the passage to New York. She encountered one of the most tempestuous of our winter storms. At the risk of their lives the officers and crew placed in charge of her attempted to keep her afloat. Their efforts were unavailing, and she sunk off Cape Fear.

THE PRISONERS.

The prisoners who survived the massacres were surrendered at Santiago de Cuba on the 18th ult., and reached the port of New York in safety.

The evidence submitted on the part of Spain to establish the fact that the Virginius at the time of her capture was improperly bearing the flag of the United States is transmitted herewith, together with the opinion of the Attorney General thereon and a copy of the note of the Spanish Minister, expressing on behalf of his government a disclaimer of any intent of indignity to the flag of the United States. U. S. GRANT.

THE CYPHER CORRESPONDENCE.

The correspondence is very voluminous and contains the following features:—

On the 6th of November General Sickles telegraphed to Secretary Fish that the Virginius had been captured six miles from Jamaica, and that the Captain General had been ordered, on Mr. Sickles' suggestion, to await orders.

The Secretary telegraphed Mr. Sickles in reply that the summary proceedings demanded investigation as inhuman; that reparation will be required if American citizens have been wrongfully executed.

FRIENDLY DISPOSITION OF CASTELAR'S GOVERNMENT.

Mr. Sickles the next day reported his interviews with Mr. Caravajal and with President Castelar. The latter, he said, had ordered that no person be executed without authority of the Cortes, and thereupon Mr. Sickles expressed satisfaction. He subsequently telegraphed Mr. Fish that the Spanish government would spontaneously do everything required by public law and treaty obligations; that the Spanish government regretted the execution of the four prisoners, and orders were sent to stay further proceedings.

DEMAND OF REPARATION.

On the 8th of November Minister Sickles gave a detailed account of the interview with the Minister of State, who said that no formal demand would be necessary on the part of the United States, as the Spanish government would at once take up the question and decide it. The case of the Deerhound was cited, and the same principles would be applied to the Virginius. After further correspondence Mr. Fish telegraphed to Minister Sickles as follows:—

Accounts have been received from Havana of the execution of the captain and 36 of the crew and 18 others. If true, General Sickles will protest against the act as brutal and barbarous, and ample reparation will be demanded.

The Secretary confidentially informed Minister Sickles that doubt existed as to the right of the Virginius to carry the American flag.

Mr. Fish telegraphed to Minister Sickles that the course of the Spanish government was accepted as evidence of a willingness to administer justice. The condemnation of the act should be followed by punishment.

Mr. Sickles was instructed to say so to the Spanish government, and that this government feared that Spain could not control the insurrection of the Casino Español.

SPANISH MINISTERS DIGNIFIED.

Mr. Sickles, November 12, states that he had had an interview with President Castelar, who said such scandals must cease; that interrogatories had been addressed to the Captain General, and that as soon as replied to General Sickles would receive a communication. The Minister of State informed Mr. Sickles of the execution of the prisoners, the orders from Madrid arriving too late to prevent it; but the slaughter had ceased. The discussion between Mr. Sickles and the Minister is given. Orders would be issued to assure to United States citizens the protection of the ordinary tribunal. General Sickles urged a speedy solution of the difficulty, and called attention to executions in pursuance of previous convictions made in the absence of the accused.

THE ABORTIVE ULTIMATUM.

Secretary Fish telegraphed to Sickles, November 14:—

Your telegram announcing adjournment of conference received. Unless abundant reparation shall have been voluntarily tendered you will demand the restoration of the Virginius, and the release and delivery to the United States of the persons captured on her who have not already been massacred, and that the flag of the United States be saluted in the port of Santiago, and the signal punishment of the officials who were concerned in the capture of the vessel and execution of the passengers and crew. In case of refusal of satisfactory reparation within twelve days from this date, you will, at the expiration of that time, close your Legation, and will, together with your secretary, leave Madrid, bringing with you the archives of the Legation. You may leave the printed documents which constitute the library in charge of the Legation of some friendly Power, which you may select, who will consent to take charge of them. You will signify the reception of this by telegraphing to me in plain the word New Jersey. FISH.

The same day protests were made to the Spanish government against the summary executions, and on the 15th Minister Sickles telegraphed to Mr. Fish:—

SPANISH ARROGANCE.

Made demand by note to-day at three o'clock in the afternoon, and on the same day telegraphed. Received an ill-tempered note to-day from the Minister of State rejecting the protest and saying that Spain would nevertheless consider and decide the questions according to law and her dignity.

FISH'S BLUSTER.

Mr. Fish telegraphed to Minister Sickles, November 15, reporting 57 more executions and saying:—"If Spain cannot redress these outrages the United States will." These instructions to Minister Sickles were to be used cautiously and discreetly.

Sickles, November 16, sends copy of note to Mr. Carvajal demanding reparation and a copy of the latter's reply, and also Sickles' rejoinder. Sickles alludes to the abusive attitude of the Madrid press. Sickles telegraphs Fish, November 16:—

Mr. Layard informs me he has received instructions from his government concerning 17 British subjects among the crew of the Virginius executed and seven more under sentence of death, the latter all minors. Of the 17 dead six were executed immediately on the arrival of the Virginius in port. A British frigate is ordered to Santiago.

Sickles, November 18, transmits copy of reply of Minister of State to his note of November 16 respecting reports from Havana. Sickles regards it as a refusal, and proposes to close the Legation unless otherwise ordered, and on the 18th asks Fish that a vessel may be ordered to Valencia to take him to France. The next day Sickles transmitted a copy of Carvajal's reply rejecting the protest. On the 19th he informed Fish he is waiting instructions and said:—

The popular feeling runs high here against the United States and this Legation. The press is violent, advising the government to order me out of Spain. Last night a mob was collected to attack and sack the Legation. The authorities interfered and preserved the peace.

Mr. Sickles also telegraphed:—

Spain has asked the good offices of England. Lord Granville declined unless on the basis of ample reparation made to the United States.

VACILLATION OF FISH.

Mr. Fish telegraphed to Mr. Sickles, November 19, that the Spanish Minister at Washington had shown a telegram from his government asking time for inquiry and expressing an intention to make reparation. This being regarded as a reconsideration of the decision communicated to Mr. Sickles, he was instructed to defer his departure.

DUPLICITY OF SPANISH DEALING.

On the 20th Mr. Sickles communicated that the tone of the notes from the Minister of State was unsatisfactory, and says:—

If permitted to offer a suggestion with reference to your instructions of the 19th, I would remark that the tone, temper and substance of the written communications made to me by the Minister of State are very different from the apparent purport of the telegram sent to the Spanish Minister in Washington and communicated to you. The refusal to say a word about the merits of the case in reply to a demand repelled as arbitrary, inadmissable and humiliating was announced to me here on the same day that different professions were made to you. Mr. Carvajal's notes to me are exhibited here as showing the real position of this government. They are offensive in form and unsatisfactory in substance. If we hesitate it will be asserted and believed in Spain and Cuba that we pause before the defiant attitude assumed by this government and people. This boast will be supported by the official and formal declarations of this Cabinet in reply to communications I have made to it in obedience to your instructions. Misapprehending our forbearance, Spain would abuse any success obtained by duplicity and delay, and show herself more than ever arrogant and regardless of our rights and dignity. On the other hand, any concession now obtained at Washington will appear to corroborate the intimation made here in high quarters, and generally believed, that my action in the matter of the Virginius has not been in conformity with the instructions I have received, and is not approved by my government. I have the best reasons for the opinion that my prompt withdrawal from Madrid in default of the reparation the President has directed me to demand will convince Spain we are in earnest, and she will yield to our terms and peace may be honorably preserved. The fact that Spain holds one attitude here and another in Washington on the same day would seem to impeach her sincerity, and this dissimulation, I am sure, is due to the fear of a diplomatic rupture or something worse. This Cabinet have already obtained all the information they will ever get from Cuba about the transaction. The Italian government has kindly consented to allow Count Maffi, Chargé d'Affaires of Italy in Madrid to take care of American interests here and accept the custody of the library and property of this legation, on application being made, by your authority, through our Minister in Rome. I hope you will make the request, and that this courtesy may be duly acknowledged. SICKLES.

OUR MINISTER UNPROTECTED FROM INSULT.

Mr. Fish telegraphed to General Sickles November 21, 1873:—

Your telegram, suggesting a possible difference of attitude on the part of Spain, in Madrid and here, which you think calls for your withdrawal from Madrid, and asking a request to the Italian government to authorize its representative to take care of our library at Madrid, has been laid before the President, who decides that public interests require that you should remain at your post until the expiration of the time heretofore named or until further orders. If a difference exists, as you suggest, the President feels it his duty to take into consideration the representations made at Washington, which approach most nearly to compliance with our just demands; depends upon you to co-operate with our efforts to induce Spain to make such concessions as may avert a rupture between the two Republics. Without questioning the seniority of the Madrid Cabinet, it will not be possible to send a vessel to Valencia. FISH.

After further correspondence, Mr. Fish telegraphed November 25 to Mr. Sickles:—

If no accommodation is reached by the close of to-morrow, leave. If a proposition is submitted you will refer it to Washington and defer action.

Mr. Sickles informs Mr. Fish, November 25, that Lord Granville regarded the reparation demanded as just and moderate.

RECEDING FROM POSITION.

On the 26th Mr. Sickles telegraphed Mr. Fish:—

President Castelar says Mr. Sickles would receive a note that day recognizing the principles on which the American demand was made, and asking a delay till December 25 for investigation.

Mr. Sickles, November 26, acknowledges receipt of instructions; that he had notified the Minister that he may defer reply and request for passports, and transmits the substance of a note received from the Minister of State containing a proposal for an adjustment.

Mr. Fish telegraphed to Minister Sickles November 27, transmitting a copy of the Senate's resolution of June 16, 1858, that the detention of merchant vessels on the high seas by force in time of peace is a derogation of the sovereignty of the United States.

Minister Sickles telegraphs to Mr. Fish November 28, announcing that it had been informally agreed at Madrid the previous day that reparation should be made in accordance with the American demand; that he was informed that a different proposition had been authorized by Mr. Fish and accepted by the Spanish government, and he inquires whether this is true.

Mr. Fish, to Minister Sickles, November 28, says:—

Supposing, from the tenor of Minister Sickles' despatches, that he had left Madrid, the reply of the last Spanish proposal was communicated to Admiral Polo, who now says that negotiations are going on at Madrid. Having received notice that General Sickles would demand his passports at three o'clock it is supposed that these negotiations have dropped.

THE SURRENDER OF FISH.

Mr. Fish to General Sickles November 29, says:—

Spanish Minister yesterday made a proposal embracing substance of demands of 15th of November with slight variations, which has been accepted and protocol signed.

December 3 Mr. Fish telegraphed General Sickles:—

Powers sent to Admiral Polo to negotiate place and time for the surrender of the Virginius.

The result is given, and the correspondence between Mr. Fish and General Sickles relative to the latter's resignation, already published, appears in the documents.

CORRESPONDENCE OF FISH AND POLO.

The following will give an idea of the correspondence and negotiations with the Spanish Legation at Washington:—"Mr. Fish to Admiral Polo, November 12. Has received intelligence of the shooting of 53 persons from the Virginius. The story too shocking and cruel to be credible; asks if he has more authentic intelligence."

Admiral Polo to Mr. Fish, November 12—"Has received no information."

Copies of telegrams to Admiral Polo, handed by Admiral Polo to Mr. Fish, November 15, state that the papers of the Virginius were irregular. The order from Madrid did not reach Santiago in time to stay executions, owing to the destruction of telegraph wires. The Virginius was a pirate.

The following was handed by Admiral Polo to Mr. Fish, November 17:—

Spain is disposed to make amends for any violation of international law, but requires time to make examination.

Admiral Polo to Mr. Fish, November 18, encloses a copy of a telegraphic despatch from the Minister of State at Madrid, in which it is said that Spain cannot answer till the facts are known, and is resolved to preserve the integrity of its territory; but will observe the obligations of international law and the letters of all treaties.

Copy of a telegram from the Secretary of State, Madrid, to Admiral Polo, handed to Mr. Fish by Admiral Polo November 20, proposing an arbitration and the surrender of the vessel into the hands of the arbitrators:—

The authority of Spain is respected in Cuba. The evidence is conflicting. This is a reason for arbitration. Spain is acting in good faith.

Admiral Polo to Mr. Fish, November 20, enclosing a copy of a telegram from the Minister of State, in which it is said that Spanish authority is respected in Cuba, and that peremptory orders had been issued.

ARBITRATION DECLINED.

Memorandum of an interview between Admiral Polo and Mr. Fish, November 21, 1873:—

Mr. Fish declines to submit to arbitration the question of an indignity to the flag. He is willing to submit all questions which are properly subjects of reference. He is surprised to find no expression from Spain of disapproval of the hasty executions or of readiness to release the vessel and survivors. Arbitration would be postponement. It was desirable to have the settlement complete before the assembling of Congress. The United States strongly desire a friendly settlement.

Admiral Polo to Mr. Fish, November 23, notifying him when and where the testimony of Greenwood and other witnesses will be taken.

Admiral Polo to Mr. Fish, November 23, enclosing a telegram from Madrid that the reported hostile manifestations against General Sickles are not true.

Mr. Fish to Admiral Polo, November 24, respecting the proposed examination of witnesses in New York. Telegram from Madrid to Admiral Polo handed to Mr. Fish by Admiral Polo, November 24, asking whether the United States will await the result of the investigation by Spain; whether the President will submit the question to Congress, and for a statement of the points of offence in view of the treaty stipulations and international law. Memorandum of statement by Seretary Fish to Admiral Polo, November 24, in answer to reasons why it is impracticable to wait. Reasons why the President must submit facts to Congress. General statement of the points of offence.

Telegram from Madrid to Admiral Polo, handed to Mr. Fish by Admiral Polo on November 25:—

The news contradictory as to the right of the Virginius to carry the United States flag. It may appear that she is the subject of reclamations against the United States. Spain suspends her reclamations, and asks the United States to do the same till the facts are known. No satisfaction is possible till the right to demand it is established.

EMPTY TALK ABOUT THE FLAG.

Memorandum of interview between Mr. Fish and Admiral Polo:—November 25 Admiral Polo reads No. 118. Mr. Fish replies that the United States, in the interest of all maritime Powers, including Spain, deny the right of capture of documented vessels on the high seas in time of peace; the right to inquire into the validity of papers is in the Power issuing them, which the United States are prepared to do. The United States will consider the subject of reclamations when the honor of the flag is atoned for. The identity of the Virginius is unquestioned. Any irregularity in her papers, therefore, is merely technical.

Memorandum of interview between Mr. Fish and Admiral Polo, November 27:—Mr. Fish reads a despatch from General Sickles. Says the United States cannot accept this proposal. This communication is made to Admiral Polo because it is supposed General Sickles has left Madrid. The proposition is, virtually, that Spain should hold the vessel while seeking proof to justify her capture. Admiral Polo asks whether, if the vessel be given up, inquiries would be instituted by the United States with a view to the punishment of any who might be found to have violated the law of the United States, reserving the question of salute for further information. Mr. Fish consults the President and accepts the proposal, if the vessel and the survivors are delivered forthwith; the salute will be dispensed with if Spain, before December 25, satisfies the United States that the Virginius had no right to carry the flag. In that case proceedings will be commenced by the United States against the vessel and survivors implicated, Spain is also to proceed in accordance with the second proposition to General Sickles.

Telegram from Madrid to Admiral Polo, handed to Mr. Fish by Admiral Polo November 28:—Negotiations renewed in Madrid. Any arrangement made will be carried out in Cuba. Same handed to Mr. Fish by Admiral Polo, November 28, expressing satisfaction at happy termination of negotiation.

THE PROTOCOL.

Protocol of Conference between Mr. Fish and Admiral Polo, November 29, carrying out the agreement stated in No. 120.

Admiral Polo to Mr. Fish, December 1:—Has not received his instructions for naming time and place for surrender; expects them every moment; asks, therefore, extension of time. Mr. Fish to Admiral Polo, December 2:—Delay appears unavoidable and will, doubtless, cease in a few hours. The President will then rely upon immediate execution of agreement.

Mr. Fish to Admiral Polo, December 4:—Is informed by General Sickles that powers have been sent to Admiral Polo. Is prepared to execute the agreement, and asks him to name an hour to-day when he will meet him (Mr. Fish) for that purpose.

Admiral Polo to Mr. Fish, December 4, in reply to the last:—His powers require him to act in conjunction with the superior authorities of Cuba. Has referred the subject to Madrid.

Agreement between Mr. Fish and Admiral Polo, December 8, 1873, asks the time, place and manner of surrender of the vessel and survivors, and as to the mode of rendering the salute if not dispensed with.

SPANISH EVIDENCE AGAINST THE VIRGINIUS.

Admiral Polo to Mr. Fish, December 10, transmitted evidence in order to show that the Virginius at the time of her capture was not entitled to carry the flag of the United States.

First—Bill of sale of the solicitors of the Treasury to John F. Patterson.

Second—Oath of John F. Patterson that he is the true and only owner of the said vessel, and that there is no subject or citizen of any foreign prince or State, directly or indirectly, by way of trust, confidence or otherwise, interested therein.

Third—Bond on the issue of the certificate of registry.

Fourth—Crew list.

Fifth—Clearance bond.

Sixth—Manifest of cargo.

Seventh—Master's oath or clearance.

Eighth—Manifest.

Ninth—The deposition of Francis E. Sheppard.

Tenth—The deposition of Francis Bowen.

Eleventh—Deposition of Francis Bowen.

Twelfth—Deposition of Charles Smith.

Thirteenth—Deposition of Edward Greenwood.

Fourteenth—Deposition of John McCann and Matthew Murphy.

Fifteenth—Deposition of Thomas Gallagher.

Sixteenth—Deposition of Ambrose Rowling.

Seventeenth—Deposition of John Furlong.

Eighteenth—Deposition of Adello de Varona.

SPAIN'S VICTORY.

Mr. Fish to Admiral Polo, December 22, acknowleding the receipt of No. 129:—"The enclosures make it appear to the satisfaction of the United States that the Virginius was not entitled to carry the flag at the time of her capture. The salute will, therefore, be dispensed with, and, in accordance with the terms of the protocol, inquiries will be instituted and proceedings commenced against the vessel and the persons appearing to be guilty of illegal acts connected therewith."

The documents conclude with a large mass of Consular and miscellaneous correspondence, including copies of the agreement with Admiral Polo, addressed to Secretary Robeson, and requesting that instructions may be given for carrying it out; also the opinion of Attorney General Williams, that the Virginius at the time of capture was, without right, improperly carrying the American flag.

Mr. Fish, December 17, transmits the opinion of the Attorney General to Secretary Robeson and requests that steps may be taken to notify the proper officers at Santiago that the salute will be dispensed with.

Admiral Palo to Mr. Fish, January 3, expresses, on behalf of his government, a disclaimer of an intent of indignity to the flag of the United States.

CUBAN AFFAIRS IN THE CITY.

Meeting of the Virginius Prisoners.

The Cuban headquarters, No. 50 Exchange place, was the scene of a meeting yesterday of the Virginius prisoners. A large number of these much talked of men was on hand, and Messrs. Cisneros Aldama, Mestre and other noted gentlemen of patriotic reputation received the expeditionists, as well as the HERALD man, with their usual politeness. The released prisoners had been called together to receive donations of clothing and other necessaries required to replace losses incurred in their famous expedition. It was a source of amusing satisfaction to see how kindly the boys coltoned to the nooks and corners of the room employed as the Cuban Junta's office. Their wiry, agile persons fitted into the angles of the apartment and along the walls far better than even in the snuggest berth or most favorably placed hammock in the forecastle of the old Virginius. The faces of those boys were beaming with delightful contentedness. They feel like new men; they look their feelings and want their friends to be aware of the happy change in their fortunes.

Whether Mr. Aldama and his friends are doing anything for the good of the cause of Cuban independence must for the present remain a secret. There can be no doubt as to the propriety of these gentlemen keeping their own counsel. Their reserve implies a desire to be let alone by the press.

LOUISIANA LEGISLATURE.

Message of Governor Kellogg—Recommendation to Fund the State Debt in Seven Per Cent Consols—Inducements of State Aid to Build Railroads—The McEnery Faction.

NEW ORLEANS, Jan. 5, 1874.

The Legislature met at Mechanics' Institute today and the proceedings were orderly.

It is understood that Mr. Lowell, the present Speaker, holds over under a pledge to resign in 10 days if the House wishes it.

Governor Kellogg's Message was very long. Its main points were as follows:—The total debt of the State was $24,283,836. Some of this was of doubtful legality and was being tested in the Courts. The State had tried to pay interest on this whole amount, and had done so up to date, but could do so no longer, without maintaining a rate of taxation which was almost confiscation. He proposes the

FUNDING OF THE WHOLE DEBT

at 60 cents on the dollar in new seven per cent consols, guaranteed by constitutional amendment and appropriation for interest made perpetual; the debt to be limited at the point to which it would be reduced by this consolidation, say $15,000,000. He argues that these consols would be worth par, while at present the bonds are only worth on the market 50 cents on the dollar, and states that the consolidation scheme has been submitted to and approved by the New Orleans Chamber of Commerce and the large bondholders. He regrets that large appropriations made for railroads had resulted in

FAILURES TO BUILD ROADS

to Texas. The $2,500,000 bonds issued to the Mobile and Texas Railroad by the act of 1871 without consideration would probably not be paid. Any one who would come forward and give solid guarantees to build the road should have every assistance from the State. Failing all other plans he recommended that the State buy the road under the second mortgage bonds and build it itself.

The Message recommends the revision or repeal of a large number of laws, and says that if the members forming the opposing body do not come in and take the seats which have been kept open for them they must take all the responsibility of the result of their conduct.

THE M'ENERY LEGISLATURE.

The McEnery Legislature met. There was no quorum. In view of the fact that the Kellogg Legislature is recognized by the President the McEnery Legislature will remain in session only a short time, adopting, however, before it adjourns, an address to Congress upon the political situation in Louisiana. It adjourned until noon to-morrow.

DURELL'S IRREGULARITIES.

Fraudulent Sales in Bankruptcy—Seizure of a Newspaper by a Political Plot—Bribes and Exactions.

NEW ORLEANS, Jan. 5, 1874.

The Durell Investigating Committee will be in session until a late hour to-night. During the day only six additional witnesses were examined. Henry C. Miller, a prominent lawyer, testified to fraudulent sales by the Bankrupt Court. J. W. McNee, Esq., testified in its favor relative to the seizure of the *Times* newspaper. C. A. Weed, its late owner, was examined at length on the same subject, and gave a mass of damaging evidence, tending to show that the seizure of the *Times* was a purely political plot. He also testified to Durell's habitual inebriety. H. H. Walshe, another prominent attorney, testified to the erasure and annulment of a judgment after it had become final and his property. Gustave Winehill, a bankrupt victim, and his attorney, D. C. Labatt, testified to a bribe of $3,000 having been exacted by the "ring" for the release of his wife's property $2,000 more being demanded for a judgment, and to the subsequent return of the original amount.

A large number of witnesses has been summoned, and the investigation will probably last three days longer. That Durell cannot escape impeachment is now generally admitted by both his opponents and friends.

THE BOSTON FRAUDS.

Further Developments in the Case of Jordan, Marsh & Co.

The Members of the Firm To Be Criminally Prosecuted for Perjury.

BOSTON, Jan. 5, 1874.

Public interest still clusters around the investigation now in progress concerning the alleged frauds of Jordan, Marsh & Co. upon the revenue. The examination of their books and papers, which were seized by Special Agent Bingham, is not more than one-fourth completed, and it will probably be February before any definite idea of the extent of the alleged frauds is obtained. In the meantime the commercial community, and in fact the whole public, manifests the keenest interest in what is going on. The Treasury officials in Washington, as well as their officers here, are confident of the infallibility of their evidence already secured to make out several instances of wilful fraud, and it is expected that the number of cases will be multiplied by additional evidence to be gained from the books and papers now in hand.

I have learned from the highest official source that the department at Washington has in its possession a large number of private invoices differing materially from the Custom House invoices, being larger in amount and containing more charges and less discounts than appear upon the invoices presented at the Custom House. Furthermore, the allegations in the complaint of deliberate fraud in the way of letters of advice, amounts current, original invoices and false invoices is claimed to be complete, and more than the officers expected to find. The order of the Court limiting the examination of books and papers to the matters specifically set forth in the complaint it is thought possible may prevent the government from recovering as much as it is entitled to recover, but, nevertheless, it is claimed, from what is already known of the case in Washington, that this order will in nowise affect the result except as to the amount, each case declared upon in the complaint having been fully substantiated by documentary evidence before the seizure.

For prudential reasons the details of the progress of the examination of the books and papers are withheld for the present. It would not be for the interest of the government or just to the defendants that any premature publication of the facts involved should be made. The case is one of such magnitude, the parties of such high social and commercial standing, and the issue being inevitably to be tried before a jury, it is desirable that they should enter upon the case without prejudice.

Mr. Bingham, the prosecuting officer, maintains a demeanor of quiet confidence which, coupled with the fact that his case had originally been presented to a judge wholly disinclined to grant such warrants, and who, from his very nature, could not grant them unless compelled to by positive and overwhelming evidence, leads to the inevitable conclusion that there is much genuine fire underneath all this smoke which the saintly papers of the Puritan Hub have made such light of and worked themselves into such a ridiculous and apparently indignant fever about. I have ascertained in interviews with Mr. Bingham that the claim of fraud is not based upon any technical violations of the intricate revenue laws, nor upon any question where there could possibly arise a reasonable doubt as to the duty of the importer or the action of the Collector, nor upon any species of evidence obtained or to be obtained from the books or papers of the firm which have been or could have been tampered with, directly or indirectly, by the clerk Jackson or any other man in the employ of Jordan, Marsh & Co.

Mr. Jackson's position as custom house clerk of the firm enabled him to be familiar with all their importing business, and it is stated that if he had fully obeyed the instructions of his employers the frauds perpetrated would have been largely in excess of those now charged, and sufficient to have resulted in the complete winding up of the whole concern. On account of Mr. Jackson's failure or refusal to assist in further defrauding the government his salary was once or twice reduced, and at the time he left it was not one-half what is paid by other firms for similar service. There is a rumor that Mr. Jordan's feelings towards Mr. Jackson were further aggravated by the refusal of the latter to wed a niece of the mercantile prince. These matters, however, are not material to the case. It is sufficient to state that Mr. Jackson will figure conspicuously in the case, and that he will assist the District Attorney in preparing it.

It has been decided to proceed against the firm on a criminal as well as a civil process. The criminal process will be based upon one or more charges of perjury, the offence being alleged to have been committed in taking oath to false invoices; but it may turn out after all that Jordan, Marsh & Co. will be martyrs rather than punished violators of the existing revenue laws and kindred acts providing for the collection of the revenue. The Board of Trade, otherwise known as the Mutual Admiration Society, of the Hub, took their case up at the regular monthly meeting this afternoon. Besides eulogizing the virtue and time honored integrity of the offending firm, they passed a series of resolutions demanding from Congress an instant repeal of all laws calculated to punish those who seek wealth at the expense of the internal revenue.

John W. Candler was the special champion of the firm, although in his remarks, as well as in the resolutions which he offered, the name of Jordan, Marsh & Co. was most carefully omitted. The resolves which he submitted were as follows:—

Resolved, That in the judgment of the Board the laws under which the customs duties are now collected are complex, cumbersome and difficult to understand, and, in connection with the demoralizing system of rewarding informers by moieties, and with the arbitrary power invested in officers who are themselves informers to seize books and papers, they two commonly serve as a trap for honest importers and an encouragement to corruption, oppression and private bribery.

Resolved, That the evils are so great and are exerting so destructive an influence on the morals of trade that we respectfully ask of Congress, in the name of the commerce of the country, at once to do away with all rewards to informers and all penalties and confiscations for the benefit of salaried officers of the customs, to take from such officers all powers of arbitrary seizure of books and papers and to enforce the sacredness of private correspondence when entrusted to the nation's keeping in the mails.

Resolved, That the difficulty of understanding a complex system of customs and the facilities for fraud afforded by them are considerations which imperatively call for the abolition of *ad valorem* duties, and the substitution for them of simple, specific duties wherever possible.

Resolved, That the delegates from this Board to the National Board of Trade to be held in Baltimore on the 13th be requested to present these resolutions, and urge their adoption.

Resolved, That the Executive Committee of this Board be requested to present the resolutions to Congress in the name of the Board, and to take such other measures as they may deem proper to secure reformatory legislation on these subjects.

Mr. Candler had scarcely finished reading the resolutions when the members of the Board broke out with approving applause. In urging their adoption he said that the manner in which the resolves had been received showed the popular feeling of the merchants of Boston concerning the infamous revenue laws. He said they were clearly against the spirit of republican institutions, and denounced all laws as unjust which increased the compensation of the officers if the men whom they prosecuted were convicted. In his attacks upon the system he said he hoped that the merchants of the entire country would go before Congress and demand that the injudicious and infamous laws shall be at once wiped from the statutes. Every importer in the country, he said, knew that it was utterly impossible to protect himself from possible errors as the law existed now, and furthermore clerks could make false entries and thus render their innocent and honest employers liable to suspicion and punishment. Healso called attention to the fact that in such cases as the one now exciting interest in the community, only a small portion of the amount claimed and obtained from the alleged offenders goes to the government, adding that if all the facts connected with the settlement of this class of cases were known, the United States would stand disgraced among all nations of the globe.

THE OPPOSITION VIEW.

John Cummings, President of the Shawmut Bank, was more conservative. While he believed that the laws should be modified, he thought that perhaps it would come with better grace from the Board if they would delay an expression of opinion until after the charges against the alleged offending firm were disposed of. If the resolves had been introduced a month ago he would have had no hesitation in supporting them; but in view of the present circumstances he could not vote in the affirmative.

This same opinion was entertained by George F. Moore, who remarked in a tone of sarcasm that he had never known of any honest man who had been injuriously affected by the existing revenue laws, and so long as it was only the dishonest importers who are disturbed he thought it was rather injudicious for the Board to pass any such resolutions as those which had been submitted. He regarded laws like the present necessary for the protection of honest, as well as the punishment of dishonest men.

THE DEFENCE OF JORDAN, MARSH & CO.

Alexander H. Rice, ex-member of Congress, could not rest easily under the implied imputation upon the integrity of his old associates in the Peace Jubilee humbugs, and he followed Mr. Moore in a long and eloquent argument in defence of the firm against which such grave charges have been made. In a general denunciation of the law, which formed a part of his speech, he went so far as to intimate, by authority, that the Boston Collector and other officers here were as much opposed to the existing revenue statutes as he himself. Towards the close of his remarks Mr. Rice made an allusion to the patriotism and loyalty of the firm during the dark days of the rebellion; an allusion which, although eloquent in the extreme, provoked a quiet smile among those who were not enthusiastic over Mr. Candler's resolutions. "When this infamous law was passed," remarked the ex-Congressman, "this very firm was the first to come to the rescue of the government and forward car loads of supplies to the front for the aid and comfort of the brave boys who were perilling their lives in the defence of the old flag. It was this firm, the only one among thousands," he said, "who sent their clerks off to the war, and kept their situations open and continued their salaries until they returned with the crowning honors of victory. "It is such things as these," added Mr. Rice, in a tone calculated to move the stoutest heart, "that ought to be remembered by a grateful community, and it is but right that such gentlemen should have all the sympathy and support which their private and public conduct has so clearly and abundantly justified. He hoped, therefore, that the Boston Board of Trade, a body of fair minded and intelligent gentlemen, would take immediate action, and protest against such men being placarded throughout the country as frauds, and almost irretrievably ruined, before it is ascertained that they have committed the slightest offence whatever.

These remarks of Mr. Rice called forth loud applause from the majority of the Board, as did also a speech by Edward Atkinson who angrily pitched into the Revenue laws as well as the officers who had been instrumental in applying them to Jordan, Marsh & Co.

AN OFFICIAL OPINION.

Judge Russell, the Collector of the Port, who had been an interested listener to the discussion was at length called upon to express his views. In complying he remarked that it was improper for him to speak of any particular case, adding that so far as the Jordan, Marsh & Co. matter was concerned he was entirely ignorant. He then went on to say that he was opposed to the law and always had been, and proceeded to give a few illustrations of its injustice and how its operations often enriched government officers who were not in the remotest manner connected with the detection of the crime from which they derived a certain portion of the penalty imposed. The system also admitted of corruption among judges of the United States courts, and in many instances it operated so as to handsomely reward officers for their own ignorance, incompetency or wilful failure to discharge their duties. This law of rewarding informers, he added, had been in force since the days of Alexander Hamilton, but it was enacted more particularly to guard against smuggling, which in times past was carried on very extensively, and by men occupying prominent positions in society. "Why," said the Collector, "I cannot to-day enter the sacred portals of old Faneuil Hall without gazing upon the full-length portrait of a man who once sent an order for ten casks of brandy and added a postscript to his letter instructing the shippers to invoice it as rum." In concluding his remarks Collector Russell said that the bills before Congress for a change in the law were not perfect, for they failed to do away with the informers. He believed revenue was a good thing, but personal rights was still better. There is no way in which the present tariff can be enforced. It is impossible to enforce it, for goods imported can only be properly appraised by two men, and they are the buyer and the seller. What we want is a simple, common sense tariff, and he hoped a wise Congress would provide one.

The few who frowned upon the resolutions and denounced them found that they were in a hopeless minority, and upon the question being called and put there was an almost unanimous vote in the affirmative.

VIRGINIA.

The Civil Rights Bill Offensive to the Old Dominion Conservatives—A Protest and Counter Protest Sent to Congress—Colored Men as Jurors.

RICHMOND, Jan. 5, 1874.

There is great excitement in legislative and official circles here over the proposed passage by Congress of the Civil Rights bill, as already alluded to in the HERALD, which is mainly owing to the educational feature of that document.

Both houses of the General Assembly to-day adopted a series of resolutions that declare:—

That there is no purpose upon their part or upon the part of the people they represent to cherish captious hostility to the federal administration and reaffirming a portion of the conservative platform, that they will judge it impartially by its official acts, &c.; that the Legislature recognizes the fourteenth amendment of the federal constitution as a part of that instrument, and desire in good faith to abide its provisions as expounded by the Supreme Court of