

Public Honor.

Public honor is dear to a people. The time has been when it was regarded with more reverence than it is at this time.

Virginia have not come to this, we know; but let them take care lest they be condemned by the world.

We have assumed the whole State debt; we have funded accrued interest; we have affirmed and reaffirmed our determination to pay; and we have met the bondholders, and have arranged with them for a concession on their part—we to pay four per cent.

Now, then, it is time we had done something better than this. There was a time when a compromise with the public creditor might have been made.

We must now face the situation. We have done all we can do.

Are the different classes sure that they have discharged their public duty? Think it, gentlemen. Are you not too careful of private interests and too careless of those of the Commonwealth?

Do not believe there would be any hesitation about the matter if the people would deliberately consider how much wealth would flow from dishonor and how much advantage—how much prosperity and how much honor—would be theirs.

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Richmond, Va., this morning.

Gov. KEMPER, in his message to the public debt, states that the city of Richmond continues to increase in the ratio of the past, the revenue to be derived at existing rates, from that city alone, will, in a few decades, be sufficient to discharge the unpaid interest and cover the present deficiency in the treasury.

A few years ago there was a combination of the Legislature, by which a serious blow was inflicted upon Richmond by the passage of a law which authorized a Baltimore railroad to run parallel with it from Salem to the boundary between Virginia and Tennessee.

In this struggle, under such an exigency, Richmond will give her influence in behalf of our railroad; but how feeble in a commercial sense she is to reinforce it. The pulse that beats for her in the rich region about the western terminus of this great road is faint, the artery between her and that region being too indirect and inefficient to give it vigor.

But when we see the errors of the State with regard to this city; when we see at a glance how important its growth is in the matter of diminishing the burdens of taxation upon the people, should not the Government do all in its power to repair the past mistakes, and to avoid any act which would tend to curtail its business and check its growth?

Richmond is an enterprising city. She is growing faster than ever before, and promises to continue so to grow. If she now had a population of 400,000, the State debt would not be felt. And the Governor is more than necessarily cautious in his estimate of what she may do in a few decades.

What feels the members of the Legislature were for passing so long and intricate a bill when they might have deprived the non-proprietors of the right to vote. The rest of Donx's arguments are equally appropriate and convincing.

Mr. SENEX'S AMENDMENT TO THE BANKRUPT LAW.—We have seen no account of this amendment but such as make it absurd. The fact is, that under the law as it stands an appeal or writ of error may be had if the matter in dispute exceeds \$2,000.

And whenever the matter in dispute exceeds \$2,000 appeals shall be allowed from all decisions of the circuit courts, or the judgments made in the exercise of the supervisory jurisdiction conferred upon said courts and justices under the second section of this act.

Which seems to us to be not much less absurd than the amendment the papers said he had offered. It will never be adopted in this form.

General Assembly of Virginia.

MONDAY, March 30, 1874. SENATE.

The Lieutenant-Governor in the chair. No prayer. ROLL CALL.

Mr. TAYLOR offered the following: Resolved, That the clerk shall call the roll of the members of the Senate, and that the names of those who are absent, and also note absentees, and whether they are absent with or without the consent of the Senate.

Mr. NOWLIN moved that the resolution be laid on the table. Not agreed to. Mr. PALMER moved to amend so as to make the resolution operative on and after Wednesday next. Agreed to.

By Mr. WYSS: Bill to amend and reenact the 16th section of the 6th chapter of the Code of 1873, in relation to the election of city treasurers.

By Mr. CRITCHFIELD: Resolutions of the Finance and King George demanding the protection of sheep, &c.

Senate bill to provide for the removal of the penitentiary was made the order of the day for to-morrow (Tuesday) at 12 o'clock.

Mr. TERRY, from the select joint committee of investigation into the affairs of the Sinking Fund, presented a report, which was read by the clerk.

Senate bill to provide for the registration of bonds issued by local authorities in aid of internal improvement was amended and ordered to engrossment and third reading.

To amend and reenact section 1 of chapter 160 of the Code of 1873, in relation to granting licenses to practice law.

Senate bill to provide for the registration of bonds issued by local authorities in aid of internal improvement was amended and ordered to engrossment and third reading.

THE STATE SINKING FUND.

REPORT OF THE JOINT COMMITTEE APPOINTED TO INVESTIGATE THE DEFALCATION OF THE SINKING FUND.

The Loss in Bonds, \$15,939.92 in Currency, \$9,201.

THE TWO AUDITORS EXONERATED. DETAILS OF THE CHARGES AGAINST TREASURER MAYO AND COL. COLEMAN.

LEGISLATION RECOMMENDED FOR FUTURE MANAGEMENT OF THE FUND.

The Special Joint Committee of the General Assembly, appointed in February to investigate the alleged defalcation in the Sinking Fund, presented its report to the Legislature yesterday, together with a voluminous report of the evidence taken during the examination.

The following is the report. To the Senate and House of Delegates of the State of Virginia: The undersigned respectfully report that they constitute a joint committee of the General Assembly of the State of Virginia, organized on the 21st of February, 1874, and which is in the following composition: To-wit: Resolved (the Senate concurring), That a joint committee be appointed, to consist of three members on the part of the House and two on the part of the Senate, to whom shall be referred the report of the committee of the Governor as to the defalcation in the office of the Board of Commissioners of the Sinking Fund, and all matters connected with said defalcation, and that said committee be authorized to employ an expert (if they deem it necessary) to audit the accounts of the Board of Commissioners of the Sinking Fund, and to present the report of their action under the said resolution.

Your committee organized in the Second Auditor's office on the 19th day of February, and proceeded to the business of their investigation. They deemed it necessary to employ an expert, and engaged the services of R. H. MAURY, an experienced broker, and to whom they were indebted for much valuable assistance.

They first made a full and thorough examination of all the affairs of the Sinking Fund, as represented by the books in the office of the Treasurer and Second Auditor, and the books of the Board of Commissioners of the Sinking Fund, and the accounts of the railroad securities of the State correct, the following being a summary of the bonds received by the Board of Public Works from railroad companies in the settlement of their purchases of the State's interest in their respective roads:—

From the Richmond and Danville Railroad Company, \$34,924.25 From the Orange and Alexandria Railroad Company, 1,021,125.37 From Richmond and Petersburg Railroad Company, 578,040.13 Total, \$1,934,089.75

A detailed statement of the purchases of State bonds by the Sinking Fund, showing the particulars of each purchase, date, amount, from whom made, &c.

From this statement it will be seen there have been purchased in all for account of the Sinking Fund, and which should now be on hand, the amount in bonds of \$575,710.81; and the amount in cash of \$299,770.72, showing a deficiency of \$15,939.92.

In the further performance of their duty the committee proceeded to take the testimony of numerous witnesses, which is here with returned, and that, in connection with the examination, discloses the following facts:

Seven registered consols of the sum of \$10,000 each, on the 4th and 5th of February, 1873, converted into seventy coupon consols of \$1,000 each. This was done by the late secretary of the Sinking Fund Board, without authority of the Board.

Of the coupon consols, the sum of \$1,000 each, which had come into the Sinking Fund, had the amount of \$61,700, were converted by Joseph Mayo, Jr., Treasurer, into peeler bonds at various times during the year 1873, and the amount of \$15,939.92 so converted by William D. Coleman, late Secretary of the Board of Commissioners of the Sinking Fund, and the amount of \$46,760.72, were converted by Joseph Mayo, Jr., Treasurer, into peeler bonds at various times during the year 1873, and the amount of \$15,939.92 so converted by William D. Coleman, late Secretary of the Board of Commissioners of the Sinking Fund.

It appears that there were no regular meetings of the Board, and that the matter of purchases was usually regulated and managed by the secretary and treasurer, on consultation with one of the other members, but that exchanges in all cases were made without the consent of the Board.

From all this it will appear that there was not that regular system in the management of the Sinking Fund by the Board of Commissioners which ought to obtain in a matter of so great importance to the State, and that there was a want of proper condition of management of the offices which constitute the depositories of the fund and regulate its management, the requisite legal provision for its safety. The committee deem it but just to the Treasurer to report that he appeared before them promptly and in answer to a desire to be examined, and expressed his ability to show that the amounts received by him, in the exchanges mentioned, had been put to the credit of the State. When presented with the items he was desired to correct, on the 20th instant, he asked for a day to look up the evidence, which he desired to have submitted to him before he was called upon to answer.

The numbers of some of the missing bonds have been traced, and the Commonwealth may possibly have further evidence to report hereafter as to them. While the committee and the Board of Commissioners are endeavoring to determine whether the officers of the Sinking Fund Board are not responsible on their official bonds for the deficiencies existing. And if they are not responsible, then they recommend such legislation as will for the future, at least, provide an ample security for the State against such defalcations, and the restoration of the fund to its proper condition.

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General Asa Rogers, being duly sworn, deposed as follows upon the general question as to the manner in which the operations of the Sinking Fund have been conducted: I am Second Auditor of the State, and a member of the Sinking Fund Board. The Board was created under the act of March 30th, 1871. No necessity for the organization of the Board appearing, they did not organize until August 24, 1871.

The Treasurer (George Eyer), Auditor (William F. Taylor), and myself were in the office and organized the Board. William D. Coleman appeared before the commissioners and tendered his services as secretary, without compensation, he being at that time secretary to the Board of Public Works, drawing a salary of \$1,800. A pencil memorandum was taken by him (at the time) of the proceedings, and a minute book of the acts, &c., of the Board until the commencement of the present investigation. The duties of the commissioners, as I regarded, were limited to the receipts derived under the act, and disbursements for the purchase of State bonds under the same law. The law requiring the Second Auditor to be a member of the Board, and the purchase of State bonds, and the act that had been stated to the committee by Colonel Mayo. The purchases of bonds were made from time to time by George Eyer, treasurer, and Coleman, secretary, and Colonel Mayo, treasurer.

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From this statement it will be seen there have been purchased in all for account of the Sinking Fund, and which should now be on hand, the amount in bonds of \$575,710.81; and the amount in cash of \$299,770.72, showing a deficiency of \$15,939.92.

In the further performance of their duty the committee proceeded to take the testimony of numerous witnesses, which is here with returned, and that, in connection with the examination, discloses the following facts:

Seven registered consols of the sum of \$10,000 each, on the 4th and 5th of February, 1873, converted into seventy coupon consols of \$1,000 each. This was done by the late secretary of the Sinking Fund Board, without authority of the Board.

Of the coupon consols, the sum of \$1,000 each, which had come into the Sinking Fund, had the amount of \$61,700, were converted by Joseph Mayo, Jr., Treasurer, into peeler bonds at various times during the year 1873, and the amount of \$15,939.92 so converted by William D. Coleman, late Secretary of the Board of Commissioners of the Sinking Fund, and the amount of \$46,760.72,