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Anderson Intelligencer.

BY E. B. MURRAY & CO. ANDERSON, S. C., THURSDAY, FEBRUARY 14, 1878. VOL. XIII--NO. 31.

LEGAL ADVERTISING.—We are compelled to require cash payment for advertising ordered by Executors, Administrators and other fiduciaries, and herewith append the rates for the ordinary notices, which will only be inserted when the money comes with the order:

Citations, two insertions, - - - $[illegible]
Estate Notices, three insertions, - - - 2 00
Final Settlements, five insertions, - - - 3 00

TO CORRESPONDENTS.—In order to receive attention, communications must be accompanied by the true name and address of the writer. Rejected manuscripts will not be returned, unless the necessary stamps are furnished to repay the postage thereon.

We are not responsible for the views and opinions of our correspondents.

All communications should be addressed to "Editors Intelligencer," and all checks, drafts, money orders, &c., should be made payable to the order of E. B. MURRAY & CO., Anderson, S. C.

REPORT OF THE BOND COMMISSION.

To the Honorable the Senate and House of Representatives:

The commission to investigate the indebtedness of the State, elected at the last session of your honorable bodies, beg respectfully to report:

That the commission met in the State capitol on Wednesday, the first day of August, 1877, and continued to meet for the performance of their duties from day to day until the seventh day of February, 1878.

Their chairman having previously given public notice to all holders of consolidation bonds, coupons and certificates of stock to produce the same before the commission at Columbia from the first day of August to the first day of September, the commission proceeded at once to receive, examine and register such of them as were produced for that purpose; and, as many of them were not produced until after the expiration of the period mentioned, the commission continued the work of reception, examination and registry until the first day of January, 1878, when they closed their books for registration.

All the consolidation bonds, coupons and certificates of stock produced before the commission had been issued in proper form except Bond No. 442, for $500, which was without the countersignature of the Comptroller General, and exchange and transfer certificate of stock No. 860, for $252.50, which was without the great seal of the State.

The numbers and denominations of the consolidation bonds and certificates of stock produced before the commission are as follows:

3,137 bonds for $1,000 each...	$3,137,000 00
1,082 bonds for $500 each...	541,000 00
27 certificates of stock for $1,000 each...	27,000 00
10 certificates of stock for $500 each...	5,000 00
348 certificates of stock of miscellaneous denominations...	138,680 70
62 exchange and transfer certificates of stock of various denominations...	34,299 43
Total amount of bonds and certificates of stock produced...	$3,882,980 13

A schedule of these bonds and certificates of stock, with the matured coupons attached to said bonds, designated as *Schedule No. 1*, is hereto annexed and made a part of this report.

In this connection, the commission deem it proper to state that they did not certify as correct any of the consolidation bonds, coupons and certificates of stock produced before them, because it was impossible to determine upon their validity at the time of their production, and because, by the terms of the supply bill of June 9, 1877, the final determination of their validity was wisely reserved for the action of your honorable bodies; and it appeared to the commission that a certificate of their correctness in any other sense than their validity would be more likely to mislead than to inform their holders or others. The commission, however, furnished certificates of the fact of their production, whenever requested by the producers to do so.

After the larger part of the consolidation bonds, coupons and certificates of stock had been received, examined and registered, the commission appointed a sub-commission, composed of two of their number, to attend to that duty, with reference to such other bonds, coupons and certificates of stock as should be produced, while the remainder of the commission addressed themselves to the duty of making a complete and thorough investigation of the following and kindred matters particularly mentioned in the second section of the joint resolution providing for their election:

First. The entire amount of consolidation bonds and certificates of stock that had been issued under the act to reduce the volume of the public debt and provide for the payment of the same.

Second. Whether there is in the State Treasurer's office, on file as vouchers, cancelled bonds, coupons and certificates of stock, issued in accordance with law and authorized to be consolidated by the act above recited, to the amount required by the said act.

Without dwelling upon the extent of the labor involved in the performance of this duty, or the difficulties under which the labor has been performed, growing as well out of the character of the labor itself as out of the absence from the State of all who had been connected with the treasury during the period in which these transactions had been carried on, the commission respectfully report that they have made a complete and thorough investigation of the matters in question.

1. They have completely and thoroughly examined all the books in the treasury showing the issue of consolidation bonds and certificates of stock.

2. They have completely and thoroughly examined all the vouchers in the treasury in exchange for and in lieu of which the consolidation bonds and certificates of stock were issued.

The commission have also prepared three books: one of them for consolidation bonds for $1,000; another of them for consolidation bonds for $500; and the other of them for consolidation certificates of stock; and have entered therein, under proper heads, the number of each consolidation bond and certificate of stock issued, its date of issue, its date of redemption, its rate of interest, by whom it was signed, to whom it was issued, the date it was actually issued, and the numbers, classes and denominations of the old bonds, coupons and certificates of stock it was issued for; and, also, the date of the production of each consolidation bond and certificate of stock produced before the commission, the name of its present holder, the name of the person producing it, and the number of matured coupons attached to it or the amount of interest accrued upon it, with a blank column left in each book for entering the present *status* of each consolidation bond and certificate of stock, after the action of your honorable bodies on the subject matter of this report, and according to the conclusions of your honorable bodies thereon.

From the investigation of the Commission, and as shown by these books, the entire amount of consolidation bonds and certificates of stock issued is as follows:

3,575 bonds for $1,000 each...	$3,575,000.00
1,216 bonds for $500 each...	608,000.00
132 certificates of stock for $1,000 each...	132,000.00
52 certificates of stock for $500 each...	26,000.00
977 certificates of stock for miscellaneous denominations...	579,111.79
149 exchange and transfer certificates of stock of miscellaneous denominations...	93,166.61
Total amount of bonds and certificates of stock issued...	$5,013,278.40

All of these consolidation bonds and certificates of stock, however, have not been issued in exchange for and in lieu of old bonds, coupons, certificates of stock and interest orders. Under the last provision of the fifth section of the act to reduce the volume of the public debt and provide for the payment of the same, five of these bonds for $1,000 each, numbers 126, 127, 131, 738 and 210, have been exchanged for certificates of stock No. 870 for $5,000. Twenty-three of them for $1,000 each, numbers 77, 78, 139, 144 to 146, 162, 203, 206 to 209, 216 to 220, 262, 263, 269, 288 and 289, have been exchanged for certificate of stock No. 855 for $23,000, and the certificate of stock immediately exchanged for bonds Nos. 3455 to 3477 for $1,000 each. A large number of certificates of stock have been exchanged for bonds, and a considerable number of certificates of stock have been transferred and surrendered at the treasury and new certificates of stock issued in their stead.

The entire amount of consolidation bonds and certificates of stock issued and now outstanding is as follows:

3,547 bonds for $1,000 each...	$3,547,000 00
1,216 bonds for $500 each...	608,000 00
28 certificates of stock for $1,000 each...	28,000 00
10 certificates of stock for $500 each...	5,000 00
437 certificates of stock of miscellaneous denominations...	156,549 36
81 exchange and transfer certificates of stock of miscellaneous denominations	51,741 05
Total amount of bonds and certificates of stock outstanding...	$4,396,290 41

The amount of matured coupons on the outstanding consolidation bonds is $249,300, being for January 1, 1877, and July 1, 1877—the commission regarding all coupons maturing at previous dates as constituting a part of the floating indebtedness of the State; and the amount of matured interest on the consolidation certificates of stock is $26,920.57.

A schedule of outstanding consolidation bonds and certificates of stock, designated as Schedule No. 2, is hereunto annexed and made a part of this report.

As this sum of $5,[illegible]3,290.41 represents the actual amount of consolidation bonds and certificates of stock issued in exchange for old bonds, coupons, certificates of stock and interest at the rate of fifty per centum of the face value of the latter, the entire amount of the latter in the treasury as vouchers should be $8,792,580.82. The investigation of the commission shows the actual amount of vouchers to be $8,792,779.

Amount of all classes of bonds..	$6,261,350
Amount of attached coupons...	873,171
Amount of detached coupons...	603,590
Total amount of bonds and stocks...	$8,792,779

Of these $8,792,779 of vouchers, the commission find that $4,793,633 were "issued in accordance with law and authorized to be consolidated by the act above recited." They consist of the following vouchers issued in accordance with law and authorized to be consolidated by the act:

Amount of all classes of bonds..	$3,246,640
Amount of attached coupons...	435,756
Amount of detached coupons...	56,569
Total amount of bonds and stocks...	$4,793,633

The remaining $3,999,146 of these vouchers, in the judgment of the commission, were not "issued in accordance with law and authorized to be consolidated by the act above recited." They consist of the following vouchers not issued in accordance with law and authorized to be consolidated by the act:

Amount of all classes of bonds..	$3,014,710
Amount of attached coupons...	437,415
Amount of detached coupons...	547,021
Total amount of bonds and stocks...	$3,999,146

The grounds on which the commission adjudge part of these $3,999,146 of vouchers to be not authorized to be consolidated by the act above recited are respectfully submitted as follows:

1. As to detached coupons from relief of the treasury bonds, numbers 777 to 818, 820 to 857, 859 to 906 and 983 to 985, amounting to $9,125.

Between March 16, 1869, and April 21, 1869, inclusive, the State Treasurer charged the Financial Agent with relief of the treasury bonds amounting to $1,000,000, and under date of October 31, 1871, the State Treasurer credited the Financial Agent with 101 relief of treasury bonds numbered as above, for $1,000 each, amounting to $101,000, "they never having been issued as a charge against the State;" and in recognition of this fact these $101,000 of relief of the treasury bonds were not included amongst those "authorized to be consolidated by the acts above recited."

Assuredly, as the bonds were never issued as a charge against the State, the coupons on them could never have become a charge against the State, and there was no authority for consolidating them under the act.

2. As to detached coupons from conversion bonds, numbers 3,271 to 3,469, 3,474 and 3,476 to 3,496, amounting to $9,990.

Under the act to provide for the conversion of State securities, it was the uniform practice in the treasury, on the surrender of any coupon bonds of the State, to issue in lieu thereof certificates of stock of like amount, and on the surrender of the certificates of stock to issue in lieu thereof coupon bonds of like amount, the coupons already matured on the latter bonds being detached from them and attached to the certificates of stock and filed away as vouchers. The conversion bonds in question were issued between November 16, 1871, and May 14, 1872, inclusive. The coupon bonds surrendered for certificates of stock in the transaction in question were all filed away as vouchers in the treasury, with all the coupons which matured previous to their surrender taken off; the certificates of stock issued in lieu of these bonds bore interest only from the date of the [illegible]; and the conversion bonds issued in lieu of these certificates of stock should have carried only the coupons maturing after their issue, while the coupons which previously matured should have been detached from them, attached to the certificates of stock and filed away as vouchers.

The facts are, however, that the coupons matured on these conversion bonds previous to their issue, are not attached to the certificates of stock surrendered for them, and do not anywhere appear as vouchers in the matter of conversion. On the contrary, the certificates of stock are without any mark or sign of any coupons having ever been attached to them, and the coupons in question appear as vouchers in matters of consolidation. Whether they were fraudulently issued with the conversion bonds to which they were originally attached, or whether they were detached from the conversion bonds and abstracted from the treasury afterwards, the commission are unable to state; but as they matured before the bonds to which they were originally attached were issued from the treasury, they never became a valid claim against the State, and there was no authority for consolidating them under the act.

3.—As to detached coupons maturing on or before July 1, 1871, from State Capitol bonds, amounting to...

Blue Ridge Railroad bonds, amounting to...	18,410
Funding interest bonds, amounting to...	45,648
Bills receivable bonds, amounting to...	48,980
Interest public debt bonds, amounting to...	94,110
Bills Bank of State bonds, amounting to...	59,988
Relief of Treasury bonds, amounting to...	130,9[illegible]0
Land commission bonds, amounting to...	4,770
Conversion bonds, amounting to	61,194
Total amount of detached coupons...	$486,026

The Comptroller General, who was specially charged by law with the supervision of the public debt of the State, and who had the largest means of knowing its amount and condition, estimated the interest thereon as follows:

For fiscal year ending October 1, 1868...	$434,791 52
For fiscal year ending October 31, 1869...	329,492 38
For fiscal year ending October 31, 1870...	338,693 86
For fiscal year ending October 31, 1871...	482,594 40
Total amount of estimates..	$1,585,572 16

It is to be borne in mind that the act to provide for the funding of the interest and principal of certain stocks and bonds of the State past due, ratified September 21, 1866, provided for funding part of the principal and all of the interest of the debt of South Carolina, the said interest to be calculated as due up to the date of July 1, 1867, so that the Comptroller General in estimating the interest on the debt was not required to go back of the latter date. And the commission respectfully add that they have carefully and thoroughly examined the Comptroller General's estimates and find them to be substantially correct.

The payments of interest on the public debt for the same years were as follows:

BY THE STATE TREASURER—		
During fiscal year ending October 31, 1869...		$332,554 62
During fiscal year ending October 31, 1870...		190,879 44
During fiscal year ending October 31, 1871...		176,371 98
Amount of payments by State Treasurer...		$699,806 04
BY FINANCIAL AGENT—		
During fiscal year ending October 31, 1869...	$196,714 50	
During fiscal year ending October 31, 1870...	308,623 50	
During fiscal year ending October 31, 1871...	395,070 00	
Amount of payments by Financial Agent...		900,408 00
Total amount of payments.		$1,600,214 04
Excess of payments over estimates...		$14,641 88

In addition to this, there have been $2,474 of coupons which matured during the same years consolidated with the bonds to which they were attached, showing payments of interest for those years of $17,115.88 over and above the amount estimated by the Comptroller General.

While this fact would seem to afford comparative evidence, in the absence of any proof to the contrary, that all the interest on the public debt maturing for those years had been paid, allowing even a wide margin for any possible underestimates of the Comptroller General, all the presumptions in the matter point to the same conclusion. The State was not only paying the interest as it became due, up to and after July 1, 1871, but paying it in gold, and the holder of a coupon had every possible inducement to collect it at maturity. In occasional cases, absence, illness or other causes may have prevented him from collecting it promptly, but neither absence, illness nor other causes would have led him to detach it from the bond, when no practical purpose would or could be subserved thereby.

It is a matter of both legislative and judicial record, that all matured coupons were cut off from bonds before the latter were issued from the treasury or Financial Agency; and all the circumstances attending these transactions indicate that the detached coupons in question were obtained in that way or from that source.

But, however or wherever obtained, they were not valid claims against the State, and were not authorized to be consolidated under the act.

Whatever proof exists that any part of the interest on the public debt maturing on or before July 1, 1871, remained unpaid must be found in the fact that certain coupons maturing on or before that date remained attached to the bonds to which they originally belonged, or in the presentation of certain certificates of stock with evidence of the non-payment of interest thereon up to that date. In the matter of such coupons particularly, the fact they remained attached to the bonds to which they originally belonged must be regarded as conclusive evidence that they had not been paid; and if they were in all other respects fundable, the fact that they matured on or before July 1, 1871, would not tend in any wise to render them invalid.

In this view the commission have treated as valid the $2,474 of coupons already mentioned as consolidated with the bonds to which they were attached.

4. As to detached coupons funded by R. K. Scott, L. N. Zealy, agent, and Y. J. P. Owens, agent, between June 10, 1874, and June 24, 1874, inclusive, amounting to $331,996.

Nearly all of these coupons matured on or before the 1st July, 1871, and would be properly regarded on that ground alone as not valid claims against the State; but the testimony of Niles G. Parker, late State Treasurer, herewith submitted, as well as the testimony of other witnesses, and all the known circumstances of the case, point inevitably to the conclusion that all of these coupons, as well as those which matured after the 1st July, 1871, those which matured on and before that day, were "cut off the bonds that passed through the Financial Agent's hands," and remained in his possession as the property of the State.

They were, in no sense, valid claims against the State, and there was no authority for consolidating them under the act.

The commission submit that the grounds herein presented against the consolidation of the detached coupons respectively mentioned are in no wise inconsistent with the spirit or intent of the act, and in no wise impeach or impair the policy for the settlement of the public debt which the act was intended to effect. It could not have been the purpose of the act that coupons which matured before the bonds to which they belonged were issued, and which were not issued with the bonds to which they belonged, but were previously detached from them and filed away in the treasury and financial agency as vouchers to show that they had never been issued and had been so detached—mere waste papers without an element of value or vitality—should be galvanized into life just long enough to be passed over the Treasurer's counter and filed away as vouchers for consolidation bonds issued in their place.

There are four other classes of vouchers which were consolidated under the act in accordance with its provisions, but which the commission, under the authority contained in the joint resolution providing for their appointment, respectfully report to your honorable bodies as not having been "issued in accordance with law."

5.—AS TO THE HYPOTHECATED BONDS AND COUPONS.

Amount of all classes of bonds.	$1,718,300
Amount of attached coupons...	263,759
Amount of detached coupons...	183,980
Total amount of all bonds and coupons...	$2,166,039

By the act to authorize a State loan to pay interest on public debt, ratified the 26th August, 1868, the Governor was authorized to borrow $1,000,000, or as much thereof as he might deem necessary, on coupon bonds, within twelve months from the passage of the act.

By the act to authorize a loan to redeem the obligations known as the bills receivable of the State of South Carolina, ratified the 26th August, 1868, the Governor was authorized to borrow $500,000, or as much thereof as he might deem necessary, on coupon bonds, within twelve months from the passage of the act.

By the act to authorize a loan for the relief of the treasury, approved the 17th February, 1869, authority was given to borrow $1,000,000, or as much thereof as might be deemed necessary, on coupon bonds, within twelve months from the passage of this act.

Under the directions of the officers mentioned in the several acts, the Financial Agent might sell the bonds provided for in the first and second acts and use as collateral security for loans, or sell the bonds provided for in the third act.

By the act to authorize the Financial Agent of South Carolina, in the city of New York, to pledge State bonds as collateral security and for other purposes, approved the 26th March, 1869, the Financial Agent was authorized to pledge the bonds of the State which the State then had or might thereafter have in its possession, as collateral security for State loans, provided that in all transactions he should conform to the provisions of the act to authorize a loan to redeem the obligations known as the bills receivable of the State of South Carolina. And the act to authorize a State loan to pay the interest on the public debt and the act to authorize a loan to redeem the obligations known as the bills receivable of the State of South Carolina were so amended as to extend the time during which said loans might be negotiated to twenty-four months from the passage of said acts.

Whether the authority thus given to the Financial Agent gave him only the same authority to pledge the bonds to pay the interest on the public debt and the bonds to redeem the bills receivable as he already had to pledge the bonds for the relief of the treasury, or whether it gave him authority to pledge other bonds besides, it is not necessary in this connection to determine. Even if it gave him the authority to pledge other bonds besides, the proviso limits the time within which he shall exercise such authority to twelve months from the passage of the act, so that, while he might pledge bonds to pay the interest on the public debt and bonds to redeem the bills receivable until the 26th August, 1870, he could not pledge any bonds beside after the 26th March, 1870. And yet the report of the special joint committee appointed by the General Assembly to ascertain what bonds of the State were pledged by the Financial Agent of the State as collateral security for State loans, shows that the bonds in question were all pledged by the Financial Agent for State loans between the 21st September, 1871, and the 10th September, 1872; more than one year after the latest time for pledging any of them had expired!

There is no evidence within the knowledge of the commission that these bonds, any of them, had ever been pledged within the times limited by law. Although the very act which authorized the Financial Agent to pledge the bonds of the State as collateral security for State loans directed him to make and forward to the Comptroller General a report of his transactions quarterly, yet he made no mention of any pledges of these bonds or of any bonds in any of the reports he made and forwarded to the Comptroller General during his term of office.

But even if these bonds had been previously pledged within the dates limited by law, it would not justify another pledge of them after those dates had expired. It would be difficult to define the legal principle or public policy by which a compliance with law in one instance can be construed to legalize a violation of law in another. If the bonds in question were pledged by the Financial Agent within the times limited by law, the fact would establish nothing more than that the law in such case had been complied with; it could not possibly have any healing effect upon a subsequent hypothecation after the date limited by law had expired. If it had any effect at all, it would rather be to show that the authority conferred upon the Financial Agent had been exercised and exhausted.

If it be suggested that these bonds may have been previously pledged within the date limited by law, and that their last hypothecation was necessary to redeem them from the first, and consequently that the two hypothecations were practically only one, it is to be answered, that there is no evidence such was the case, but conclusive evidence to the contrary; for the records of the Comptroller General's office and the Treasurer's office show that the whole amount of money authorized to be raised by the sale and hypothecation of bonds was raised, and more than raised by the sale of other bonds than those now in question.

Waiving all discussion of the question whether the several acts authorizing loans authorized the issuing of bonds to the amount of the several sums named in them, or the issuing of as many bonds as would produce those sums by sale or hypothecation, and assuming for the purposes of this statement that they authorized the raising of such sums, no matter how many bonds would be required to produce them, and also assuming that the Governor deemed it necessary to raise $1,000,000 to pay the interest on the public debt, although only $434,791.52 was due, and also assuming that the Governor deemed it necessary to raise $500,000 to redeem the bills receivable, although only $300,000 of bills receivable were in existence to be redeemed, and also assuming that it was deemed necessary to raise $1,000,000 for the relief of the treasury, although no one was charged with the authority of determining how much was necessary, and the Treasurer and Financial Agent found that not more than $899,000 of bonds was necessary to be issued for that purpose, the total amount authorized to be raised by the sale and hypothecation of bonds was $2,500,000. Add to this the *face* value of the bonds authorized to be issued to the Land Commissioner, but actually issued by the Treasurer as for the market and sent directly to the Financial Agent for sale or hypothecation, without authority of law, and the total amount is $3,200,000.

The reports made and forwarded by the Financial Agent to the Comptroller General show the proceeds of the sale of bonds to have been as follows:

$300,000 bills receivable bonds, at 70c...	$ 210,000 00
$700,000 bonds, at 70c...	490,000 00
$2,843,000 bonds...	1,503,783 38
$4,214,500 bonds...	1,238,344 01
	$3,442,127 39

Showing that $242,126.39 more money was raised by the sale of bonds than * * * * was authorized to be raised under the most latitudinarian construction of the acts which the Financial Board, the Financial Agent, or the pawnees could desire.

The pledging of the bonds in question, therefore, was absolutely without authority and without necessity, and utterly null and void. The right of the State in them was not and could not be lost by such a proceeding. They did not, and could not thereby become valid claims against the State, and should not have been consolidated under the act.

While these considerations apply to all the bonds in question, there are additional considerations which apply to some of them with particular significance.

1. By the act to provide for a sinking fund and the management of the same it was provided that all revenues derived from the sales to be made by the commissioners, should be applied to the extinguishment of the public debt, by investing the same in the public securities of the State. Sales were made by the commissioners, and the revenues derived from them invested in State bonds. By the terms of the act, this was the extinguishment of the public debt to the amount of the investment—that is to say, the bonds in which the proceeds of sales were invested, in contemplation of law, were paid, retired and cancelled, and were not subjects of hypothecation by the Financial Agent.

2. By the act of Congress donating lands to the several States and Territories which may provide colleges for the benefit of agriculture and the mechanic arts, it was provided that the land scrip therein directed to be issued to each of the States should be sold by said States, and the proceeds thereof applied to the uses and purposes prescribed in said act, and for no other purpose or purposes whatever; and that all moneys derived from the sale of the lands aforesaid by the States to which the lands were appropriated, and from the sales of land scrip therein provided for, should be invested in stocks of the United States, or of the States, or some other safe stocks, yielding not less than 5 per centum upon the par value of said stocks; and the moneys so invested should constitute a perpetual fund, the capital of which should remain forever undiminished, except so far as therein provided for the expenditure of a sum not exceeding 10 per centum upon the amount received by any State under the provisions of the said act, for the purchase of lands for sites or experimental farms whenever authorized by the respective Legislatures of said States.

By the act of the General Assembly accepting the donation of lands for the State of South Carolina for the endowment of agricultural colleges, the State of South Carolina accepted all the provisions of the said act of Congress and of subsequent acts, and consented to the conditions specified in the said acts; the proper officers were authorized to receive, sell and assign the scrip or land warrants issued to this State by virtue of the act of Congress referred to, and it was provided that the proceeds of sale should be invested either in bonds of the United States or in 6 per cent. interest bearing bonds of this State, the principal of which bonds should be forever held sacred for the purposes directed in the act of Congress aforesaid.

The agricultural land scrip issued to this State by virtue of the said act of Congress was obtained by officers authorized to receive it and sold by them through the Financial Agent, and the proceeds of sale were invested in bonds of this State.

According to the express provisions of the said act of Congress, and by the obligations of the State of South Carolina assumed by the act of the General Assembly accepting its provisions, these bonds were held by the State, not in actual ownership, but in sacred trust, for the purpose of endowing, supporting and maintaining at least one college in this State where the leading object should be, without excluding other scientific and classical studies, and including military tactics, to teach such branches of learning as are related to agriculture and the mechanic arts, and for no other purpose or purposes whatsoever, and were not subjects of hypothecation by the Financial Agent.

But the report of the special joint committee, appointed by the General Assembly to ascertain what bonds of the State were pledged by the Financial Agent of the State as collateral security for State loans, shows that the bonds in which the proceeds of the sales made by the Commissioners of the Sinking Fund were invested, and which were so as aforesaid paid, retired and cancelled, and the bonds in which the proceeds of sale of the agricultural land scrip were invested, and which were so as aforesaid held by the State in sacred trust for the purposes prescribed in the said act of Congress, were all included in the bonds pledged by the Financial Agent for State loans, between the 21st September, 1871, and 10th September, 1872.

As to bonds for the payment of interest on the public debt, second issue:

836 bonds for $1,000 each...	$ 836,000
Attached coupons...	113,595
Detached coupons...	99,845
Amount of bonds and coupons.	$1,049,440

The act to authorize a State loan to pay interest on the public debt, approved August 26, 1868, authorized the Governor of the State to borrow on the credit of the State of South Carolina, on coupon bonds, within twelve months from the passage of the act, a sum not exceeding $1,000,000, or as much thereof as he might deem necessary, to pay interest on the public debt, &c.

An examination of the statement of the American Bank Note Company will show that on the 19th and 21st of September, 1868, they sent to the Governor 1,000 bonds of $1,000 each, amounting to $1,000,000, designated as "loan to pay interest on the public debt."

Report of joint special financial investigating committee, page 265. Reports and resolutions 1871-72.

An examination of the Treasurer's books shows that in November, 1868, H. H. Kimpton, Financial Agent in New York, is charged with 1,000 bonds of $1,000 each, issued to pay interest on the public debt.

On further examination of the statement of the American Bank Note Company, (p. 264,) it will be seen that on the 13th August and 19th November, 1869, they sent to the Treasurer 1,000 bonds of $1,000 each, amounting to $1,000,000, designated as "issued under act approved August 26, 1868."

R. K. Scott, who signed these bonds as Governor, in his testimony before a committee appointed to ascertain what bonds of the State were pledged by the Financial Agent of the State as collateral security for State loans, said:

"It was not my intention that more than $1,000,000 of these bonds should be out, but the whole $2,000,000 did go out, and did become a part of the public debt; $500,000 of them were returned, and I destroyed them in the presence of Mr. Parker, D. H. Chamberlain, Dr. Neagle and others. The $500,000 destroyed had been replaced by conversion bonds." Reports and Resolutions 1874-5, page 741.

Before the same committee, N. G. Parker, who was State Treasurer at the time these bonds were issued, in answer to the question, how many bonds were issued under the act for payment of interest on the public debt, said: "At first, $1,000,000; afterwards another $1,000,000."

His testimony before this commission, together with the evidence developed in the examination of the vouchers for conversion and consolidation bonds, leaves no room for doubt, that under the act to authorize a loan to pay interest on the public debt, $2,000,000 of bonds were issued, being $1,000,000 in excess of the amount authorized by the act.

In addition to the illegality of the second issue of these bonds, the testimony indicates that the element of fraud entered into the transaction.

In his testimony before the committee already referred to, D. H. Chamberlain, Attorney General and member of the Financial Board at the time these bonds were issued, in answer to a question concerning over-issues of bonds being discussed by the Financial Board, says:

"I remember the question was raised as to issuing the additional bonds for the relief of the treasury, and for the payment of the interest on the public debt, but I think the question was raised because if the numbers of the bonds issued showed a larger amount than $1,000,000, it would injure their credit in the market."

To deceive the public, therefore, the second issue of bonds were numbered from 1 to 1,000, thus duplicating the issue under the act, the only distinguishing feature being that upon the first issue were endorsed the words "loan to pay interest on the public debt," while the endorsement upon the second issue was "issued under act August 26, 1868."

The evidence of N. G. Parker, accompanying this report, shows that the fraud was detected by a party in New York becoming possessed of bonds of both issues, having the same number. The fraud being exposed, the $500,000 since reported as destroyed and $50,000, since cancelled and remaining in the treasury, were somehow redeemed and retired, leaving $450,000 of the first issue, as well as the whole of the second issue, outstanding. The commission are of opinion that the whole of the second issue were fraudulently issued and placed upon the market without authority of law, and were null and void *ab initio*.

Nor can there be any pretense that the second issue was in any wise necessary for the purposes of the act.

In his message to the General Assembly, on the 7th July, 1868, Governor Orr stated the debt due by the State on October 1, 1867, was $5,523,576.50, of which $5,407,215.23 was principal and $116,361.33 was interest. The Comptroller General estimated the amount of interest due on October 1, 1868, was $434,791.52. As the act was passed August 26, 1868, it is to be assumed that its provisions did not extend to the payment of interest becoming due after October 1, 1868, the last day on which any interest became due for that fiscal year; and $434,791.52 must, therefore, be considered the amount of interest proposed to be paid by moneys raised under the act.

How much of this interest was paid out of the taxes collected under the act to raise supplies for the year commencing in October, 1868, approved March 23, 1869, it is impossible to determine with certainty, but the reports and records of the Treasurer throw enough light on the matter to afford a practical solution of it.

1st. The recapitulation of expenditures at the State treasury for the fiscal year ending October 31, 1869, shows the amount of interest paid at the treasury during that fiscal year on account of interest accrued since the same was last funded was $529,269.12; but the amount actually paid at the treasury was $332,524.62, the treasurer having credited the Financial Agent with $196,714.50 of coupons paid at the Financial Agency as so much cash, and then credited himself with the payment of that additional amount of coupons.

Of this amount of $332,534.62, as appears from the records of the Treasurer, $224,908.62 was paid on account of interest on stock accrued since the same was last funded to October 31, 1869, exclusive of what was paid for coupons on bonds which matured during the same period; and it will appear from the statement designated as schedule 3, appended hereto and made a part of this report, that $120,925.96 of it was paid on account of interest accrued since the same was last funded up to October 1, 1868.

2d. No part of this $120,925.96 was paid by the State Treasurer out of the proceeds of the sale of interest on the public debt bonds sent to the Financial Agent. By schedule 4, appended hereto, and made a part of this report, it will appear not only that no proceeds of the sale of such bonds had been received from the Financial Agent—none of them having yet even been reported as sold—but that the Financial Agent had not yet fully paid over the proceeds of the sales of other bonds which had been sent to him and which he had reported the sale of.

3d. As no part of this $120,925.96 was paid out of the proceeds of the sale of interest on the public debt bonds, and as there was no other sufficient source except the taxes collected under the act of March 26, 1869, from which it could be paid, and as the report of the State Treasurer shows that the amounts received from the said taxes during the months in which the interest was paid were much larger than the amounts paid for interest, it necessarily follows that he paid the interest out of the taxes collected under the said act.

The whole amount of interest due on October 1, 1868, being estimated at $434,791.52, and $120,925.96 of it being paid out of taxes, the amount to be paid out of the proceeds of the interest on public debt bonds was the remaining sum of $313,865.54. The only sale of bonds which can be determined to be interested on the public debt bonds was included in the reported sale of $700,000 South Carolina bonds at 70 cents on the dollar; so that the sale of 450,000 of them must have produced $315,000, being $1,134.46 more than the amount of interest remaining to be paid out of their proceeds.

AS TO LAND COMMISSION BONDS.

Under act of 1869.

124 bonds for $1,000 each...	$124,000
Attached coupons...	16,710
Detached coupons...	900
	$141,610

Under act of 1870.

340 bonds for $1,000 each...	$340,000	
Attached coupons...	41,550	
Detached coupons...	16,230	
	$397,780—	397,780
		$539,390

Whilst there can be no question of the authority of the General Assembly to create public debts, or to enact all laws not inconsistent with the Federal and State constitutions, it is equally clear to the minds of the commission, that when an ordinance of the State constitution prescribes, limits or defines the conditions under which legislative authority may be exercised, the Legislature cannot proceed in any other manner than that prescribed, limited or defined by the ordinance.

On March 7, 1868, the people of South Carolina in convention met, did ordain as follows:

"SECTION 1. That it shall be the duty of the General Assembly to provide for the establishment of a board to be known and designated as Commissioners of Public Lands."

"SEC. 2. The Commissioners of Public Lands shall have authority under regulations prescribed by law, to purchase at public sale or otherwise, improved and unimproved real estate within this State, &c.: *Provided*, That the aggregate amount of purchases made in any fiscal year shall not exceed the par value of the public stock of this State, created and appropriated by the General Assembly for the purpose contemplated in the 4th section of this ordinance for such fiscal year: *And provided, also*, That the rate at which any purchase shall be made shall not exceed seventy-five per cent. of the value of the land so purchased, including the improvements in the manner prescribed by law."

SEC. 3. The General Assembly shall have authority to issue to said commissioners, public stock of this State to such amount as it may deem expedient, which stock, or the proceeds thereof, the commissioners shall have authority to apply in payment of all purchases made in accordance with the second section of this ordinance; provided that such public stock shall not be negotiated at a rate less than the par value thereof.

SEC. 4. The commissioners shall have authority under regulations established by the General Assembly to cause lands purchased "to be surveyed and laid off into suitable tracts to be sold to actual settlers" subject to the condition that one-half thereof shall be placed in cultivation within three years, &c.

SEC. 5. All lands purchased by said commissioners, or the proceeds of the sales thereof, shall be and remain pledged for the redemption of the public stock issued under section 3 of this ordinance, but the General Assembly shall have authority subject to such lien and pledge, to make upon the faith and credit of the State fund, further issues of public stock, but the stock issued as last aforesaid and the proceeds thereof, shall be used exclusively for the redemption of the debt of the State outstanding at the date of such issues and which shall not be funded.

Whilst this ordinance was in full force, to wit: On the 27th March, 1869, the General Assembly passed an act entitled "An act to provide for the appointment of a Land Commissioner and to define his powers and duties."

This act created an Advisory Board, consisting of the Governor, Comptroller General, State Treasurer, Secretary of State and Attorney General, who were "authorized and required to appoint a suitable person to be known as the Land Commissioner of the State of South Carolina, and said commissioner shall in all the duties imposed upon him by the provisions of this act, be governed by their instructions and advice."

Under the 5th section of this act the Treasurer of the State was "authorized and directed to issue to the Land Commissioner, bonds of this State, in the sum of $200,000 with the coupons attached, if in the opinion of the Advisory Board, so much be necessary." Under this authority and direction the Treasurer issued $200,000 of bonds.

On March 1, 1870, the General Assembly passed an act amending the act last referred to "and for other purposes," in which the Treasurer of the State was "authorized and directed to issue to the Land Commissioner, bonds of the State in the sum of $500,000, with coupons attached, if in the opinion of the Advisory Board so much be necessary, which bonds shall be negotiated in such form and manner as the Advisory Board by a majority of votes shall determine. Under this act the Treasurer issued bonds to the amount of $500,000.

Whilst under the terms of these two acts of the General Assembly, "the Treasurer of the State is authorized and directed to issue to the Land Commissioner," the bonds provided for under said acts, the fact has been established, that for reasons best known to the Advisory and Financial Boards and the Financial Agent, the bonds never went into the possession of the Land Commissioner, as directed in said acts, but were unlawfully delivered by the Treasurer to the Financial Agent, by whom they were sold or hypothecated at much less than their par value, contrary to the manifest purpose of the ordinance, and in utter disregard of the terms of the acts aforesaid. (Reports and resolutions, 1875-76, testimony of R. K. Scott, page 1171; D. H. Chamberlain, page 1217; C. P. Leslie, page 1228.)

It is not unreasonable to conclude that the framers of the ordinance expressed themselves in careful terms, corresponding with the importance of the authority to be exercised by the Legislature, and in order to protect the public interests by leaving so little implication. The proviso "that such public stock shall not be negotiated at a rate less than the par value thereof," is the standard by which the ordinance intended the Legislature to measure the exercise of its authority, so that the purposes of the ordinance, as to its essential provisions, might not be frustrated or disappointed.

"When the means for the exercise of granted power is given, no other or different means can be implied as being more effective or convenient. The rule applies to the exercise of power by all departments and all officers. What the law requires to be done for the protection of the taxpayer is mandatory and not directory merely. Constitutions do not usually undertake to prescribe mere rules of proceeding, except when such rules are looked upon as essential to the thing to be done, and they must then be regarded in the light of limitations on the power to be exercised."

By comparing the arrangements of details as well as the identity of language employed both in the ordinance and the acts, it is conclusive to the minds of the commission that the provisions of each are connected in subject matter, the acts depending upon the ordinance for authority, and both as operating together for the same purpose that the act could not have been passed without direct reference to the ordinance.

"As one part of a statute is properly called in to help the construction of another part, and is fitly so expounded as to support and give effect if possible to the whole, so is the comparison of one law with other laws made by the same Legislature or upon the same subject, or relating expressly to the same point enjoined for the same reason. It is to be inferred that a code of statutes relating to one subject was governed by one spirit and policy, and was intended to be construed harmonious in its several parts and provisions. It is, therefore, an established rule of law that all acts *pari materia* are to be taken together as if they were one law, and they are directed to be compared in the construction of statutes, because they are considered as framed upon one system and having one object in view."

The ordinance, in the judgment of the commission, being of paramount authority, they regard the issue of bonds under the acts aforesaid, known as Land Commission bonds, as having been issued contrary to the provisions of the ordinance as well as the acts aforesaid, and, therefore, without authority of law.

AS TO BILLS RECEIVABLE BONDS.

The act to authorize a loan to redeem the obligations known as the bills receivable of the State of South Carolina authorized the Governor to borrow on coupon bonds, a loan not exceeding $500,000 or as much thereof as he might deem necessary, to redeem the bills receivable.

The whole amount of bills receivable issued and outstanding was $300,000. As the bonds issued under the act were all sold at 70 cents on the dollar, it required the issue of not exceeding $429,000 of them to produce the amount necessary to redeem the bills receivable. The actual issue of bonds was $500,000, being $71,000 more than was necessary; and the commission are of opinion that these $71,000 of bonds was issued in excess of what the act authorized. Inasmuch, however, as the commission are unable to designate the numbers of the bonds issued in excess, they have placed the whole amount of bills receivable bonds which were in all other respects fundable among the valid vouchers.

AS TO REGISTRATION.

The commission deem it their duty to call the special attention of your honorable bodies to the fact, ascertained at the outset of this investigation, that the following bonds, to wit: For redemption bills receivable, $500,000; payment interest public debt, $2,000,000; relief of treasury, $1,000,000; Land Commission act 1869, $200,000; Land Commission act 1870, $500,000, were put upon the market in disregard of section 14, article 9, of the constitution, which requires that "a correct registry of all such bonds shall be kept by the Treasurer in numerical order, so as always to exhibit the number and amount unpaid, and to whom severally made payable."

That a registry of these bonds was never made is shown by the evidence of N. G. Parker, former Treasurer, and J. L. Little, his chief clerk, which evidence is appended hereto and made a part of this report. What effect this want of compliance with a plain constitutional requirement would have upon the validity of the bonds referred to, the commission submit for decision to your honorable bodies. It would seem, however, that the framers of the constitution required this registration to be kept, not only as a record by the examination of which the outstanding obligations of the State could be readily ascertained, but also that those dealing with the agents of the State or in State securities might, by reference to the record, protect themselves from the imposition of bonds improperly put upon the market. This view seems to be supported by the decision of the Supreme Court in the case of Morton, Bliss & Co. vs. Comptroller General. The effect of a departure from the requirements of section 14, article 9, of the constitution, does not appear to have been raised, and was not, therefore, decided by the court. In speaking, however, of this section, Associate Justice Willard, who delivered the opinion of the court, said: "This section determines both the evidence that shall entitle the public creditor, and that which shall guide the executive officers in all duties pertaining to such indebtedness. The creditor must hold a bond of a certain character and number, and the executive officers must test the validity of such evidence of debt by the official registry required by the constitution." Morton, Bliss & Co. vs. Comptroller General, 4 Richardson, New Series, p. 456.

In this connection the commission respectfully call the attention of your honorable bodies to an act, entitled "An act relating to the bonds of the State of South Carolina," approved March 13, 1872, and known as the "validating act." The purpose of this act was to waive certain irregularities, and to put at rest "doubts which had arisen whether said issues were in strict conformity to the provisions of the said several acts under which they were respectively issued." In the preamble to this act the classes of bonds concerning which doubts had arisen were enumerated; and among them were all the classes above mentioned as not having been registered in accordance with the constitutional requirements. The 3d section of this act provides as follows:

"That each and all of the bonds named in the said annual report of the Treasurer of this State for the fiscal year ending with October 31, 1871, be and the same are hereby, declared to be legal and valid bonds of the State of South Carolina, for the payment of which the faith, credit and funds of the State have been and are hereby pledged; Provided, That no bonds be included which are not registered in the Treasury at the time of the passage of this act, as provided for by section 14, article 9, of the constitution relative to finance and taxation."

By this provision of the validating act, the above mentioned classes of bonds are expressly excluded from the benefits, if any, there to be derived from that act.

The commission invite the attention of your honorable bodies to the fact, that the following consolidation bonds and certificates of stock, to wit: Bonds Nos. 3529 to 3575 for $1,000 each, $46,000; Nos. 1206 to 1216 for $500 each, $5,500; certificate of stock No. 58, $500; certificate of stock No. 988, $300; certificate of stock No. [illegible]; certificate of stock No. 990, $495; certificate of stock No. 991, $237.50; certificate of stock No. 992, $50; certificate of stock No. 993, $235; certificate of stock No. 994, $55; certificate of stock No. 995, $75; certificate of stock No. 996, $300; certificate of stock No. 997, $135; exchange and transfer certificate of stock No. 883, $85; exchange and transfer certificate of stock No. 884, $75, exchange and transfer certificate of stock No. 885, $70; exchange and transfer certificate of stock No. 886, $235, were issued by F. L. Cardozo as State Treasurer, the same being signed by D. H. Chamberlain as Governor, and countersigned by Thomas C. Dunn as Comptroller General, after the terms of all those officials had expired.

As there are a proper number of vouchers remaining in the treasury for the issue of these consolidation bonds and certificates of stock, it would seem that they should be made good to the parties to whom they were issued in all cases where the vouchers had been issued in accordance with law and authorized to be consolidated under the act, and the commission therefore recommend such action on the part of your honorable bodies as will secure that result.

It will be observed that the amount of the several classes of vouchers respectively described as not "issued in accordance with law and authorized to be consolidated under the act," appears to be much larger than the amount of them as previously stated in the aggregate. The apparent excess grows out of the fact that some of the vouchers are included in more than one of the classes in

(Concluded on Fourth Page.)