

## FINANCIAL STATE OF UPPER CANADA.

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Enclosures in Sir *G. Arthur's* Despatch of 20 November 1838.

— No. 1. —

Receiver General's Office,  
Toronto, 31 July 1838.Enclosures in  
Sir *G. Arthur's*  
Despatch,  
20 November 1838.

Sir,  
I HAVE the honour to enclose to you a letter, dated 14th June, from Messrs. Baring Brothers & Co., just received by me, for the particular information of his Excellency the Lieutenant-governor, and beg leave to state that their communication, dated the 20th October last, was transmitted by me to the Government here on its receipt.

I have, &amp;c.

(signed) *John H. Dunn*, R. G.

The Hon. John Macaulay, Private Secretary,  
&c. &c. &c.

(Original per St. James.)

Sir,

London, 20 October 1837.

THE preceding is copy of the letter we had the honour to address you on the 14th instant, which we confirm, and would now beg further to remark, in respect of the unsigned dividend-warrants therein mentioned, that as the bonds have not passed through our hands, and we have received no particulars from you, by which we could determine the genuineness of the coupons, we cannot consider ourselves liable for the amount of any forged ones we may pay. We shall, of course, use our best discretion in paying the dividends; still, as the warrants have no mark on them to serve as a guide to us, it will be impossible for us to discover those of a fictitious character. We hope that no loss will result in consequence of the irregularity above mentioned; but should the case prove otherwise, we feel that it cannot proceed from any inattention on our part, and we have therefore thought it right, to prevent any misunderstanding between us, to trouble you with these observations on the subject.

We have, &amp;c.

*P.S.*—Since writing what precedes, we have received a letter from Messrs. Bosanquet & Co., of which the annexed is a copy, and we likewise annex a copy of our reply for your Government. You will perceive that much difficulty will be experienced in the disposal of the bonds in our market, in consequence of their not having, as is usual in such cases, passed through our hands, or any information furnished by you, to enable us to answer inquiries from the holders of the bonds as to the authenticity of the signatures attached to them. We regret the irregularity which has arisen on your side in the issuing of said bonds, and we hope you will be enabled, on receipt of this, to devise some plan regarding them, as will have the effect of removing the feeling which exists against them at this moment among our stock dealers. It has heretofore been our custom to have the negotiation of loans, when the dividends on which are made payable at our counting-house; and as this is the system generally pursued in this country, we must beg respectfully to decline paying any of the dividends on any future issues on debentures, unless they are passed through our hands in the usual way.

The Hon. H. Dunn,  
Her Majesty's Receiver-General.

Sir,

London, 14 June 1838.

WE have been duly favoured with your esteemed letters of 7th, 20th March, 3d April, and 1st ult., the former advising your drafts, together 10,000 *l.*, Nos. 199 to 204, on account of the Government, which we enter accordingly. By the two last, you inform us of a fresh issue of debentures, to the amount of 5,000 *l.* and 10,000 *l.*, the numbers, &c. of which are duly noted.

In referring you to what we had the honour of communicating to you in our letter of 20th October last (of which we enclose copy as you do not seem to have acknowledged receipt), with regard to the sale of bonds with you which do not pass through our hands, but have the dividend-warrants made payable at our counting-house, we must again repeat our objections to that course, which we believe to be as prejudicial to the interests and credit of the Colonial Government, as it is contrary to our system and European usage. On our part, we object to having our names inserted on stock, the issue of which has not had our previous knowledge and consent. We have every confidence in the resources and good government of the Province of Upper Canada, but we do not wish our names to be connected with loans, of which neither the amount nor the periods of negotiation are previously communicated to us.

On the other hand, the credit of the Government is injured by parcels of bonds finding their way to this market (where they must all ultimately come), through different channels, and being offered by different parties, whilst the public is not officially informed whether any and what limit is to be put to this irregular system of borrowing. The interests of the Province are likewise injured, because the sale of these casual parcels interferes with the realization of what we hold for the Government, depresses the price, and discourages buyers.

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