

sold by the Company. The lot Z is not mentioned whilst the sales improperly made in the other Reserves are as far as known at home distinctly specified. So far as I can learn from enquiring here neither Mr. Dallas or the two gentlemen who acted on behalf of the Crown in settling the terms of the agreement of the 3rd February 1863 were possessed of any information with regard to the exchange of 1853. I think one thing is very plain in the matter of Mr. Lowenberg's claim namely that Mr. Lowenberg was fully alive to the fact that Mr. Dallas wanted to sell lot Z to prevent the question of its title being tried between the Crown and Company, and knew that he bought a bad suit and so provided himself with a covenant for good title not contained in any other deed issued by the Hudson Bay Company to other purchasers, and I cannot help thinking that this circumstance well known here must have caused His Excellency Sir James Douglas to treat the matter as a purchase by Mr. Lowenberg as an agent of the Company. Under these circumstances I look upon any step taken by the Executive here aiding or assisting Mr. Lowenberg to obtain possession as having a direct tendency to add another difficulty in the way of those entitled to have this matter adjusted according to the understanding originally come to between the purchasers of town lots and the Company until the matter under this new light is shewn to Her Majesty's Government. It would scarcely be seemly for me to withdraw the *lis pendens* filed against the piece of land in question or to take any steps to facilitate Mr. Lowenberg's attainment of possession of a piece of land from which it will be my duty as representing the town lot holders to eject him should the result of the present information be the setting aside of the sale of the portions of the Reserves which have been indisputably sold by the Company in violation of the understanding held out to the purchasers of town lots by the Company on the occasion of the sale of the town lots by the official map of 1853.

I have &c.

(Signed,) GEORGE HUNTER CARY,

Attorney General.

THE ACTING COLONIAL SECRETARY, }
&c., &c., &c. }

[COPY.]

Explanation of Tracings A. B.

Tracing A. shows the piece of land now occupied by the Government Buildings. It was laid out as an Indian Reserve in 1854. Reported as being laid out and marked on the ground, by Mr. Pemberton, then Surveyor General, to Mr. Barclay, Secretary to the Hudson Bay Company, on 1st September, 1854. This Report was sent through Governor Douglas.

Tracing B.—The piece of land shown on this tracing by the letters A. B. C. D. is the same as that shown on tracing A. The letters E. F. G. D. show the Reserve as altered in 1858 to suit the general survey of the Town.

Letter Z shows the portion of land sold by the Hudson Bay Company to Leopold Lowenberg in 1861. This part is etched for the sake of distinction |||||

(Signed,) |||||

W. B. PEARSE,

Acting Surveyor General.

1st February, 1865.

[COPY]

VANCOUVER ISLAND, No. 25.

Victoria, 15th April, 1865.

Str.—I, Have the Honor to acknowledge the receipt of your Despatch, No. 33, dated 16th September, 1864, on the subject of the Crown Lands and Civil List of this Colony.

2. I have deferred entering upon this subject in the hope of the Legislative Assembly arriving at some definite and reasonable decision upon it.

3. The Legislative Assembly was in Session when I assumed the Government of this Colony and a Select Committee occupied in taking evidence as to the present condition of the Crown Lands with reference to the proposal of Her Majesty's Secretary of State for the Colonies, dated 15th June, 1863, to hand over the Crown Lands to the Legislature.*

4. Their proceedings extended over a period of eight months, and I now transmit a copy of the Minutes of Proceedings of the Select Committee accompanied by a Report dated 14th June, 1864, and Resolutions on the same subject dated June 29th, 1864.*

5. The manuscript of some of these documents was very imperfect and there was consequently great delay in having them printed.

6. With these documents before you it is unnecessary for me to trouble you with any lengthened remarks upon them. No analysis of mine would make them intelligible where many Members of the Assembly sought to prove opposite and different things.

7. I do not attach much weight to the evidence which has not been taken on oath, and it is difficult to form a sound opinion upon a matter surrounded by such complications and conflicting statements.

8. There are nevertheless some extraordinary facts connected with the sale and management of the Crown Lands disclosed in the Minutes of Proceedings before the Select Committee which I apprehend are new to Her Majesty's Government.

9. If the question is to be re-opened, and the Indenture between the Crown and the Hudson Bay Company, dated 3rd February, 1862, reconsidered or questioned, it can only be done effectually and fairly by a Commission appointed to enquire on the spot, where books, papers, maps and evidence could be produced, and in the event of a new Chief Justice being appointed he might fitly be entrusted with such a duty; I am not however in a position to recommend that course, if the question can be settled and an agitation detrimental to the best interests of the Colony put an end to by any other means.

10. I have endeavored by every means at my disposal to effect a settlement of this question but in vain. * * * I have no public officer in the Assembly to advocate the real interests of the Colony or to correct misapprehensions * * * which have entered largely into the numerous debates which have taken place. * * *

I have, &c.,

(Signed,) _____

A. E. KENNEDY,
Governor.

THE RT HON. EDWARD CARDWELL, }
&c., &c., &c. }

*Correspondence transmitted to Legislative Assembly, 3rd September, 1863.