

the non-recognition by Her Majesty's Government of the claim made by the company as intended to point out my course of action did circumstances require it, and considering that these circumstances did require from this Government some interference to protect the best interests of the colony, and to maintain the credit of the Government by preventing the further private alienation of land, some of which was actually required by the colony, and all of which was of exceeding value to the colony, and by protecting the public in what they understood was guaranteed to them upon the faith of the Government. The town having been laid out and the reserves made prior to the expiry of the charter of grant and when the control of all land was exercised by the company, and they were viewed by the general public as identical with the Government, I caused a letter to be written to the Attorney-General authorising him to take such proceedings as the case I put before him might seem to call for and justify.

7. The Attorney-General accordingly filed an information praying for an injunction as before stated. The information was supported by full and complete affidavits. No evidence was filed on behalf of the Hudson's Bay Company. The Court however held that it could not grant the injunction sought upon the ground that the subject matter of the suit was in litigation in another and superior Court, and that any action of the Court here might be construed into an attempt to forestal the action of the Court above.

8. I have therefore to report these circumstances to your Grace, and to forward to you all the documents therewith, in order that should your Grace think fit the same may be laid before the Judicial Committee of the Privy Council.

9. It will be perceived that by the action of this Government, no interference was attempted with any portion of the land forming the actual sites of the company's establishments at Victoria. To this it was considered that the company could probably obtain a good title upon payment of the fixed price of £1 per acre, Her Majesty's Government having declined to purchase such establishments upon the expiry of the grant. The injunction was intended only to apply to the other portions of the 3084 acres to which no such equitable and consistent claim could be advanced.

10. I trust that what has been done herein may be in accordance with the views of your Grace under the circumstances detailed, and requesting instructions as to any further steps which it may be considered advisable to take.

(Signed) I have, &c.,
JAMES DOUGLAS.

HIS GRACE THE DUKE OF NEWCASTLE,
&c., &c., &c.

Schedule of Enclosures transmitted in Despatch No. 50, of 8th August, 1861, from Governor Douglas to the Duke of Newcastle.

No.

No.	Date.	Nature.
1	27th April, 1861.	Surveyor-General to Governor Douglas.
2	27th April, 1861.	Attorney-General to Colonial Secretary.
3	30th April, 1861.	Colonial Secretary to Surveyor-General.
4	2nd May, 1861.	Surveyor-General to Colonial Secretary.
5	9th May, 1861.	Colonial Secretary to Attorney-General.
6	9th May, 1861.	Colonial Surveyor to Attorney-General.
7	25th June, 1861.	Attorney-General to Colonial Secretary.
8	25th June, 1861.	Copies of Information, Affidavits, &c., Judgment certified by Chief Justice, accompanied by two Maps and three Drafts of Indenture.