We are convinced, that by adopting a more regular system for these operations, the finances of the Province would be materially benefited; but should you, Sir, and the Government continue to think differently, we must most respectfully repeat, that we beg the name of our house may not be inserted in the dividend-warrants of any bonds that are not sold to us or through us.

We have, &c.

The Hon. J. H. Dunn, (signed) *Baring Brothers & Co.*
H.M. Receiver-General, Toronto, Upper Canada.

— No. 2. —

Receiver-General's Office,
Sir, Toronto, 8 August 1838.

In reply to your communication of the 6th instant, I have the honour to report to you, for the information of his Excellency the Lieutenant-governor, that during my absence in England last year, his Excellency Sir Francis Head directed the gentleman performing my duty to dispose of to each of the Banks the undermentioned sums in debentures, amounting together to 138,650 *l.* sterling, and to make them payable, together with the interest, at Messrs. Baring Brothers & Co. of London. This was a departure from the usual course which had been adopted by me, and it appears to be objected to by Messrs. Baring & Co. I suppose that Messrs. Barings, who contracted with the Government, through me, for the sum of 200,000 *l.* sterling, at the rate of 10 *s.* premium for each 100 *l.* sterling, hold (or their friends hold) a large portion of these debentures, and may desire to dispose of them; and as long as debentures are sold here to parties and transmitted to England to various agents, who have no interest in the transaction but to realize the sale of the debentures, and expose them to sale, and perhaps at improper periods of the money market, will have the natural effect of depreciating such stock.

When contracts for loans of money are made in the City of London, the purchaser with whom the contract is made feels interested in keeping up and supporting the credit of such stock, but when sold in this Province, and fallen into promiscuous hands in London, to be realized for as much as it will bring in that metropolis, it will, and must have an injurious tendency on the credit of the Province. Messrs. Baring Brothers & Co. are made the agents for paying dividends on the debentures without their sanction, and whilst their house appears on the face of these debentures, I am not surprised that they should feel anxiety on the subject, not having any certainty as to the extent of the issue of debentures which may take place here.

On my return to this Province I induced his Excellency not to sell any more debentures within the Province, but to send them to London. Accordingly I was desired to transmit 60,000 *l.* to Messrs. Baring & Co., which I accordingly did, but the Debenture Acts confined the sale to five per cent. in London, and Messrs. Baring could not, nor have they yet been able to make sale of them at par, and they remain in their hands.

The pressure for want of monies to keep some of the public works from going into ruin, and the necessity of prosecuting others this season, left no alternative but to sell debentures in this Province to such parties as would give par value for them, although it would have been a saving to the Province to have sold them in London under par; the difference would have been made up by the premium on exchange. This would not have been according to the law, and by selling them for the value of 100 *l.* sterling here, the law has not been violated.

The present state of the public debt to this day stands thus:

Issued in Upper Canada, interest and principal paid here, 195,830 *l.* currency.
Issued in London, interest and principal paid there, 929,650 *l.* sterling.
There remains a debt due by Messrs. Thomas Wilson & Co. of about 83,000 *l.* sterling.

Messrs. Glynn, Halifax & Co, have paid dividends on the 400,000 *l.* sterling, contracted for by Messrs. Thomas Wilson & Co. from January 1837, making now three half-yearly periods of interest, which will amount to about upwards of 30,000 *l.*, and which is contemplated to be repaid to these gentlemen by dividends arising out of the debt of 83,000 *l.*

The Committee of Finance of the last session of the Legislature has made a long and full statement of the public finances of the Province, which is now printed, and to which I beg most respectfully to refer.

I have, &c.

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

Sums in debentures issued to the following banks during the Receiver-general's absence, under the direction of Sir Francis Head, viz.:

	£.
To the Bank of Upper Canada - - - - - -	44,100
— Commercial Bank - - - - - - - -	44,050
— Gore Bank - - - - - - - - -	49,500
— Agricultural Bank - - - - - - - -	1,000
	£. 138,650 sterling.