

VENEZUELA LOAN,

1862.

A LETTER

(TRANSLATED)

ADDRESSED TO

MESSRS. BARING BROTHERS & Co.

BY

ANTONIO L. GUZMAN,

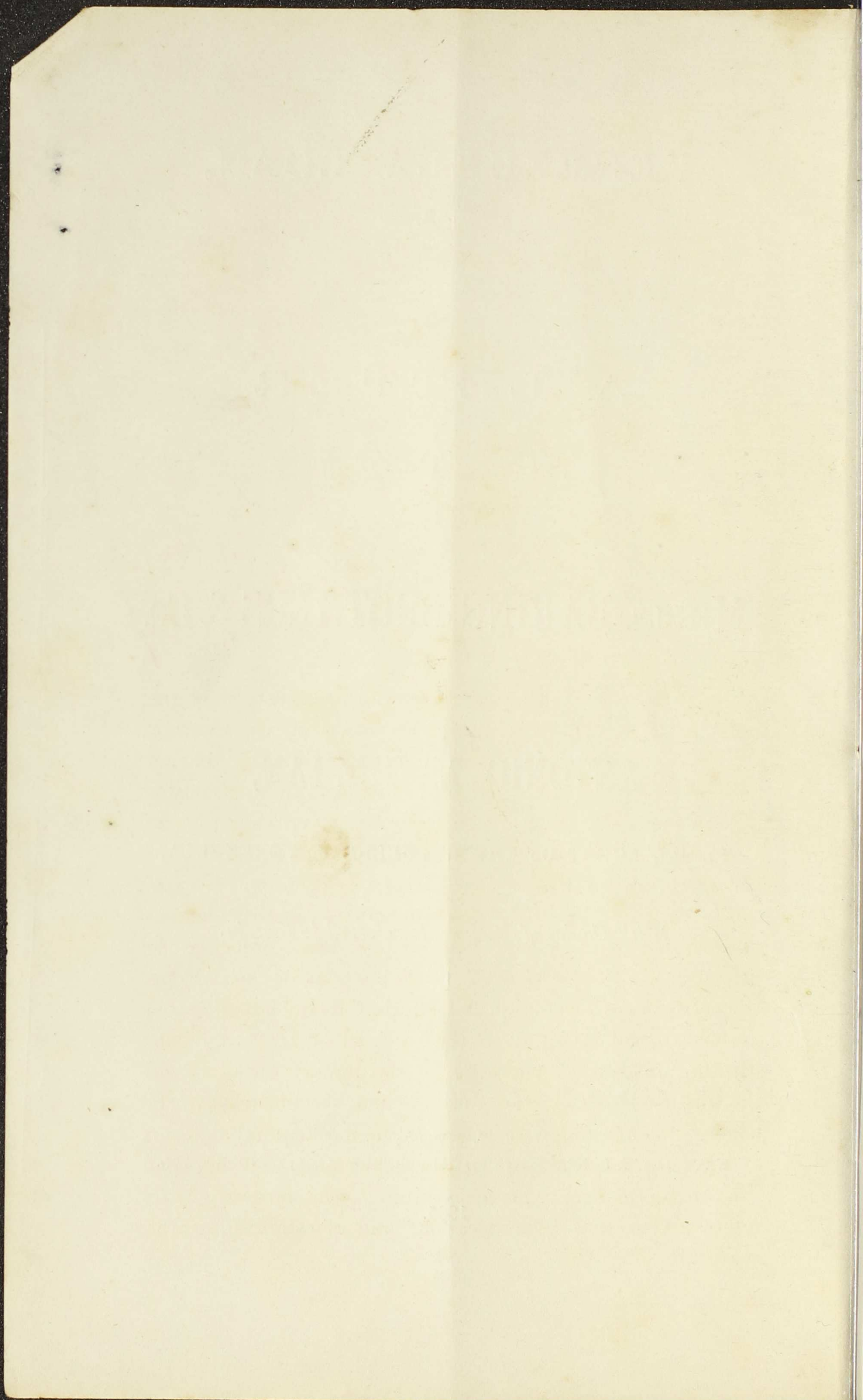
FISCAL AGENT OF THE REPUBLIC OF VENEZUELA,

With Copies of Documents referred to therein.

LONDON :

WATERLOW & SONS, PRINTERS, CARPENTERS' HALL, LONDON WALL.

1865.



LONDON, *September 29th*, 1865,
Queen's Hotel, Cork Street.

Messrs. Baring Brothers & Co.

GENTLEMEN,—My Government being desirous to show the great interest it feels in the preservation of the exterior credit of Venezuela, and General Antonio Guzman Blanco, not having been able, as he first intended, to lay aside for that purpose the cares of the interior government of the Republic, has sent me, his father, and President of the Federal Congress, with instructions,—First, to explain the circumstances which obliged the Government to issue the decrees of December 3, 1864, and February 23, 1865, ordering the suspension of the payment of the 55 per cent. of the Customs Import duties of La Guayra and Puerto Cabello, hypothecated to the external creditors in the contract of 1862, and substituting instead 15 per cent. of the import duties of all the Custom Houses in the nation; and, second, to have the honour of conferring with you as to the most equitable means of carrying out the views of my Government, at the same time doing justice, as far as possible, to the various parties interested in that hypothecation, and re-establishing the

confidence which the country and my Government have not ceased to deserve.

However painful it may be to me, it is my duty to show that the grave difficulty which has prevented my Government from doing complete justice to the external creditors of the Republic, arose from the fact of the agents, whom you commissioned for that purpose, not having fulfilled the principal, and, I may say, the only object of the contract of 1862, *which was to raise a loan of one million pounds sterling at 63 per cent., so as to free with its proceeds the Customs of the Republic from the hypothecations with which they were previously burdened in favour of the internal creditors, and which absorbed nearly all the revenue of the country, in order afterwards to validly hypothecate to the external creditors up to 1862, a portion of said duties, leaving the remainder free from obligation, so that with the proceeds thereof, the Government might be able to meet the ordinary expenses of the administration.*

All this is shown by the Prospectus published by you, and re-produced in the "Times" of the 1st August, 1862, it is shown by the arrangement with the ancient bondholders of the very contract entered into with you, and which was its consequence; and, finally, it is shown by notes of the person charged with the negotiation on the part of Venezuela, who, in order that he might the better secure the object in question, for the general benefit of the parties interested, expressly agreed with you, that you should send a confidential agent to Venezuela with instructions not to hand over the proceeds of the Loan unless they were to be employed for the identical purposes stipulated in the contract, and not to hand over any part thereof, if in his judgment the sum applied for and subscribed, was not sufficient to cancel all the internal obligations weighing on the Custom Houses from previous hypothecation, without which no subsequent hypothecation could be validly consti-

tuted over the said revenue. Among the notes to which I allude, I find one so explicit on this essential point that I think it right to re-produce it under No 1.

Thus armed with full powers, and having the money of the Loan at their entire and exclusive disposal, your agents not only directly interfered by the partial arrangements which they made with some of the creditors, but, as you know, it was they who drew immediately on yourselves for almost the whole of the proceeds of the Loan of 1862. This mode of proceeding on their part would naturally justify the supposition that they found sufficient to free the Customs from previous hypothecations the sum subscribed and placed at their disposal for that purpose ; and secondly that for the sake of the interests of the exterior creditors and of those of the Republic, they did not consent to any other use being made of the money different from that expressly stipulated in the contract ; but unfortunately such was not the case, as I think is clearly proved by the documents I enclose in this letter.

The present Government took charge of the administration of the country after all that is above-stated had taken place, and despite the strong opinion it found formed especially on account of the bad execution of the contract of 1862, by which a large amount of stock holding prior hypothecation was left on the market, suffering great deprecation, and claiming preferential payment, it continued, as you know, to hand over to your agents the 55 per cent. of the Customs of La Guayra and Puerto Cabello without any deduction, thus giving a proof of its sincere desire to preserve the great national interest in the external credit, by even postponing as long as possible legitimate rights and the interest no less great of the internal credit.

But this anomalous situation could not be indefinitely prolonged. *The holders of titles, for which the Customs had*

been previously mortgaged, finding themselves supported by a public written acknowledgement duly registered in the Register Office for that purpose, and which had not been cancelled, either by the payment of the titles, or by their having consented to forego their claims: having moreover before their eyes the contract of 1862, in which you agreed as to the just principle that they ought to be previously paid out of the proceeds of the loan, so that the hypothecation of the 55 per cent. of the Customs of La Guayra and Puerto Cabello could be validly constituted in favour of the external creditors, without which no portion of the Loan was to be handed over to the Government, presented themselves at last before the present Government, with the documents justifying their claims, and requested the suspension of the payment of the 55 per cent. to the external creditors until they themselves were paid, and the Government were thus entitled to dispose of the hypothecation to which they undoubtedly held the preference, as acknowledged by the exterior creditors themselves.

At the same time the representatives of friendly nations were conjointly making strong remonstrances tending to the same end, in favour of their respective countrymen. I enclose the documents in question under the numbers from 2 to 11.

Notwithstanding the evidence of the facts and the authenticity of the documents upon which these claims were founded, and the obvious principle that the second hypothecation cannot have the preference over the first, the Government abstained from settling by itself alone the question at issue, and submitted it for the better examination and justification of its conduct, first, to the Counsel of Administration, and afterwards to the High Federal Court, which is the Supreme Tribunal of the Republic; and both these Corporations, especially the latter, having before them the documents relative to the matter, were of opinion—First, that no subsequent hypothecation could be validly constituted so long as the

creditors who were the first mortgagees had not been paid, or voluntarily renounced their preferential right; and second, that the interior creditors holding the hypothecation prior to that constituted in favour of the external creditors of 1862, had the right of preference to the sums produced in the Customs of La Guayra and Puerto Cabello until their claims had been fully discharged, and therefore that it was not possible to continue making the payments to your agents without flagrant injustice and violating the rights which the said creditors had lawfully acquired.

It was subsequent to this grave conflict, and after making much larger sacrifices than was consistent with the state of the public revenue, that, in order to abate in some degree the urgency with which the ministers of friendly nations put forth their claims, the Government, in the interest of the external credit of the Republic, found itself forced to issue the decree above-mentioned, placing it through you for consideration of the English Bondholders; but which, probably on account of inexact information or for want of the necessary explanations, did not meet with the approbation of the parties interested, and moreover it appears from what I have heard since my arrival in this country, that it was considered by many as a simple pretext, got up for the purpose of overthrowing the rights of the external creditors.

Undoubtedly if the contract of 1862 had been fulfilled and executed by your agents, as it ought to have been, considering the precautions that were taken, by mutual agreement, to ensure that object, they would have reason to complain, entertaining the opinion that all the stipulations of the contract had been complied with; but then I can assure you the 55 per cent. would have continued to be handed over regularly to your agents, which was the manifest will of my Government; and the decree of December 3rd, 1864, would not exist, and so unpleasant a question as this would never have arisen.

This predisposition to judge wrongly of an unavoidable act of my Government, which no doubt is owing to the want of correct information as to the circumstances of the case, has naturally prevented me from at once entering into communication with you upon the second object of my mission, for it would not be just to open a discussion of this sort under the bad impression that my Government deliberately broke the engagements contracted by its predecessors in the name of the Republic, for the purpose of defrauding its creditors; and much less whilst this judgment is founded on the false supposition that the contract of 1862 was exactly fulfilled by your agents paying with the proceeds of the loan the interior creditors, as provided in said contract, holding a previous hypothecation, and leaving the Customs free, so that the mortgage in your favour of a part thereof might be valid, and the Government left with some means to attend to the administration of the country.

I am sorry to have to affirm and repeat that unfortunately for the Republic and its creditors the above did not take place; that a large portion of the internal creditors, in spite of the positive stipulations to that effect, were not paid, or even consulted as to whether they would give their consent, or voluntarily renounce their claims; and that my Government has found itself in consequence with the revenues simultaneously engaged to the internal and external creditors, and without being able, so as to meet the public expenses, to make use of the unmortgaged portion which ought to have been left for that purpose, if the contract of 1862 had been duly carried out.

The documents which I herewith submit, will leave no doubt whatever in your minds on this point; but I particularly call the attention of the holders of our exterior debt, to the claims put forward by the representatives

of Spain and France, especially to those of the former, with whom as yet no practical arrangement has been arrived at, and who accompany their claims with a detailed account of the sums due to their countrymen with a previous hypothecation made to them as holders of notes and shares of the Bank, upon which they received nothing from your agents, it being at the same time utterly impossible for me to furnish you with a similar statement of the various sums claimed with equal right by the other internal creditors, because, to come to a still more astounding feature in the course adopted in carrying out the contract, it appears *that some of the creditors settled with your agents for the whole of their claims, others received only a portion on account, and others received nothing at all*, and no accounts had been kept by which could be seen either the sum total of what was due up to that date, with a previous mortgage upon the Custom House duties, or the partial operations that afterwards took place with some of the creditors.

The decree of February 23, 1865, submitted to your consideration, was dictated by my Government under the pressure of these facts, which took place without any fault on its part, and I hope that after an impartial examination of the documents to which I allude, and of the circumstances of the case, the good intention of my Government, in favour of the external credit, will be at least better understood and appreciated; for putting aside all legal argumentation, it intended to conciliate the claims of the various parties interested in the disputed hypothecation, by proposing that the external creditors of the contract of 1862 should receive 15 per cent. of the import duties *of all the Customs of the Republic* in lieu of the 55 per cent. of those of La Guayra and Puerto Cabello; and that the internal creditors should receive an equal 15 per cent. *in lieu of the 38 per cent. of*

all the Custom Houses, which is the portion that was hypothecated in favour of the holders of shares and notes of the extinguished Bank, as is shown by the public document registered in the Register Office, and uncanceled up to this day.

If any censure at all could be attached to the decree in question, it would be that it was not strictly in accordance with the legal consequences derived from the respective documents, by virtue of which the previous mortgagees ought to have been paid first to the full extent of their claims, after which only the subsequent mortgagees ought to have commenced to be paid with the proceeds of the thing hypothecated ; but this would have delayed the external creditors for an indefinite period, it would have increased the amounts due by means of the accumulation of interest thereon and it would have rendered it more difficult to replace the external credit on the solid basis upon which my Government ardently desires to see it re-established, and therefore, the exterior creditors ought not to have been the persons to censure my Government for having deviated from strict legality in order to realise this object.

At all events, my Government would have overlooked the evil caused to the Republic and its external creditors by the contract of 1862 not having been duly executed, as it could have been done, by convening a general meeting of the internal mortgagees, who, under such circumstances, would have been happy to accept a very reduced payment of the amount of their claims in cash, and thus allow their accounts to be cancelled, with great advantage both to the nation and the external creditors ; had it been possible to dispose of other revenues sufficient to continue handing over the 55%, but I am forced to repeat that in consequence of the bad execution of the contract, the public revenues have always remained engaged to preference creditors, so that the whole of them

would be scarcely sufficient now to fulfil entirely both engagements, while it would absolutely leave nothing free to sustain the Government, which ought to secure the means of collecting those revenues, and to preserve the existence of the debtor.

This the external creditors themselves will not pretend, and whilst lamenting, as both my Government and the country at large lament, the unjustifiable cause which has placed all interested parties in this deplorable position, they will readily understand the necessity for conciliating the prejudiced interests, accepting what it is possible to give them for the present, relying that they will obtain full satisfaction, when the gradual diminution of the privileged debts and the improved position of the country shall permit.

This prospective state of things approaches nearer day by day, but will be made as distant as ever, if the origin of this grave difficulty be not taken into serious consideration, viz. : the fact that the agents dispatched expressly for that purpose, did not, with the proceeds of the loan placed at their disposal, cancel the preferential claims alluded to, as they were able and ought to have done.

Gentlemen, without entering into the question, which at present is not my province, of investigating who are principally to blame for results so contrary to what ought to have been expected, and who therefore are responsible for the conflict in which we find ourselves, I have felt it an absolute duty, both for the sake of my country and its legitimate creditors, to thus frankly expose the facts just as they have occurred, in order that the respective position of the parties interested being better understood, a mutual understanding may be possibly arrived at, by means of which at least to diminish the evils caused to the prejudice of the country and its legitimate creditors, undoubtedly against the express desire of the one and the others.

Actuated with this spirit and obeying the instructions of my Government, as you cannot now fail, after these frank explanations, to be satisfied at least as to the good intention with which it has acted, I shall be disposed to confer with you upon the basis submitted to your consideration and to listen to any suggestions you may be pleased to make, that I may the better discharge the duties with which I have been honoured, for the benefit of the exterior credit of the Republic.

Should you still require any further information to dispel any doubt that might remain in your minds after perusing this letter, with the documents that accompany it, I would thank you to point the same out, when I will ask for the required data and give you the fullest possible explanation.

I will conclude, gentlemen, with a few subjects for consideration, which will not be of the same kind as the preceding, but which cannot be otherwise than justly appreciated by right-minded and intelligent men. A Government which, in the capitulations of *Coche*, puts an end to a civil and bloody war of five years' duration, and at the same time raises into power the principles which it represents, buries the past with all its passions and rancour in the bosom of its patriotism, and by reconciling almost all parties, and always faithful to this elevated and fraternal system, settles the basis of the consolidation of the country; a Government which is able to withdraw, and which does withdraw, under the influence of the confidence of the people, sixty thousand combatants to their homes with that order and tranquillity with which they could have been withdrawn from a grand parade; a Government which, notwithstanding the exhausted state in which the country was, and, above all, in the public treasury, from the first instant attends to the public credit; a Government which, in the midst of so many and such pressing exigencies, reduces the whole public expenditure to an estimate of less than

three millions of dollars, with the support of the Congress ; a Government which proceeds, under the influence of its justice and good faith, to reduce the internal debt of the Republic by thirty per cent., and consolidates it, giving unity in a provident and permanent system ; a Government which, notwithstanding the multitude of considerations which my letter makes manifest, negotiates with the representatives of friendly nations with the most cordial solicitude, the liquidation and gradual payment of the preferential hypothecary claims of their countrymen, thus favouring by great sacrifices the interest of their creditors in London ; a Government which fulfils so scrupulously all the obligations of the Republic, excepting that of 1862, the fulfilment of which your agents rendered impossible, and which, ever since May, remitted the dividends due in October of the Loan of 1864, and has also remitted ample funds for the sinking fund of the same ; a Government which, founded on the ever-solid basis of the popular will, promises, more than any which has preceded it, the supreme good of the consolidation of the country, cannot appear otherwise, in the eyes of our creditors so interested in the future of Venezuela, and even in the eyes of every Englishman and just men, than as deserving of every consideration which can conduce to secure those benefits.

I rest assured, from henceforth, of obtaining that result from the practical sense, as also from the rectitude and enlightenment of those to whom I submit these indications.

In the meantime, as I find the public prejudiced with respect to the motives which have placed my Government under the absolute necessity of issuing the decrees above-mentioned, and as it would not be just, for want of the necessary particulars or through incorrect information, to allow such prejudice to continue, making the respective situations worse, I beg to inform you that I intend publishing, for the knowledge of the holders of our debt, the foregoing

statement and the documents which accompany it, as soon as possible, which I consider I ought to do out of respect to their opinion and in fulfilment of one of the duties of the mission with which I have been honoured.

With distinguished consideration, I subscribe myself,

Gentlemen,

Your obedient Servant,

ANTONIO L. GUZMAN.

DOCUMENT No. 1.

LONDON, 25th July, 1862.

Messrs. Baring Brothers & Co.,
8, Bishopsgate Street Within.

GENTLEMEN,—With respect to the Loan which I have applied to your firm to negotiate for the Government of Venezuela, I have the honour to state in writing that it is quite understood that, in the event of the full sum of One Million Stock not being subscribed, you will be at liberty to withdraw the same, and the parties who may have subscribed will be entitled to the return of their money, deposited, in full. Also, that in the event of the Loan, if raised, being found by your Agents insufficient (which is not possible) to carry out *fully* the object of its creation to the entire satisfaction of your Agent or Agents, you will be at liberty to return the money to subscribers in such manner, and at such time, as you may think fit; and the entire negotiation will be cancelled without any liability of whatsoever kind to your firm, or to the subscribers of the Loan.

It is also distinctly understood that the Government of Venezuela will not be entitled to receive or dispose of in any manner any part of the proceeds of said Loan until your Agent shall have fully satisfied himself of the sufficiency of the Loan to effect the necessary object.

At the same time, I venture to call your attention to the desirability of these details not appearing publicly, inasmuch as it might seriously impede the ability of the Government to settle satisfactorily with their creditors, who might raise their terms very considerably if they became acquainted with these circumstances.

I have the honour to be,

Gentlemen,

Your most obedient servant,

(Signed)

H. NADAL.

STATEMENTS ADDRESSED TO THE NATIONAL
LEGISLATURE OF 1865 BY THE MINISTER
OF PUBLIC CREDIT OF GENERAL GUZMAN
BLANCO'S ADMINISTRATION.

The 55 per cent. of the Import Duties of the Customs of La Guayra and Puerto Cabello, applied to the sinking fund and payment of the interest on the exterior debt, agreeably to the stipulations of the contract of July 31st, 1862, was handed over with the strictest integrity to the agents of Messrs. Baring, Brothers and Co., up to the 6th of November last. From that date the payment of these sums was ordered to be suspended and the proceeds of the 55 per cent. deposited in the Treasuries of La Guayra and Puerto Cabello, until the settlement of the pending question raised by the holders of the interior debt, who had put forth a preferential claim in the hypothecation. The course adopted by the Government, together with the antecedents which served as a basis for its adoption, *are all distinctly stated in the documents which I submit herewith.*

The High Federal Court to whom the Executive submitted the question of right, as shown by the aforesaid documents, gave its decision under date of the 8th February, 1865, in the terms which the Legislature will see in Document No. 6. That judgment, founded on the respective contracts and the laws applicable thereto, was a declaration that the rights of the internal creditors as mortgagees were preferable to those of the exterior, who were merely scripturists.

The Government, faithfully pursuing its object of conciliating, as far as practicable, interests so much opposed, by attending to the indisputable rights of the interior creditors without in the slightest degree prejudicing those acquired by British creditors, and being anxious to respect the

laws of justice, and to preserve at the same time our credit abroad, definitively resolved, on the 23rd of February, to devote 15 per cent. of the Import Duties produced *in all the Custom Houses*, with the exception of the 25 per cent. additional, to the payment of the interior debt, as soon as the matter had been settled by the Legislative body, and *another 15 per cent. of the same Duties* to the paying off or the exterior debt, as a possible compensation in this latter case for the 40 per cent., which the creditors cease to receive *out of the Customs of La Guayra and Puerto Cabello*, the only ones set aside for that purpose. The resolution to which I refer, you will find it detailed in the documents which I submit at No. 7.

True Copy :

GUZMAN.

DOCUMENT No. 2.

To the Citizen in charge of the National Executive Power.

We, the undersigned, hereby submit to your consideration, that under date of the 26th July, 1863, we addressed to the Secretariat of Finance a memorial signed by *ninety-three of the principal merchants of this City and La Guayra*, requesting that the hypothecation of the 55 per cent. of the Customs Import Duties of La Guayra and Puerto Cabello, granted in favour of the loan contracted in London by Signor Nadal, should be declared suspended until the other claims that weigh upon these duties had been deducted therefrom. Subjoined is a copy of the memorial above mentioned, and we hope, by bringing forward the arguments used in the late representation we made under date of the 31st October last that the Government will order such measures to be taken as justice requires ; and for your better guidance in the matter, we will add the following considerations :—

On the 21st of October, 1861, the Venezuelan Government entered into a contract with the Bank of Venezuela, in which mutual rights and obligations were established, and a special hypothecation was made of 38 per cent. of all the Import Duties to be collected in the Custom Houses of the Republic. *We enclose an attestation of said contract, to prove the truth of this statement, and to make it clear that the hypothecation was legally constituted from the fact that the contract had been duly registered in the protocol No. 7, it being the one appointed by law for such contracts.*

This being a contract perfect in every way, it could not possibly be altered by desire of one of the parties only; nevertheless, on the 15th November, 1862, Mr. Mocatta, the agent for the lenders, being still here, the Dictatorship issued two decrees, one "establishing the mode of payment of the notes and preference Shares of the Bank of Venezuela," and the other "establishing the mode of payment of the ordinary Shares of the said Bank."

Despite the arbitrary manner in which these measures were dictated, thereby causing an alteration in the conditions of a contract between two distinct parties, the Dictatorship dare not withdraw the hypothecation authorised in favour of the said Bank, so that *there was no fulfilment of the clause of Article 8 in the Baring Loan Contract, which established "that the obligations of the Government in respect of the Customs Duties of Venezuela should be discharged with part of the very Loan;"* nor of the clause of Art. 11 of the same contract which stipulated that Messrs. Baring, Brothers and Co., or their agents, *should convince themselves of the validity of the hypothecation of the 55 per cent.*

Thus neglecting to devote the proceeds of the Loan to carrying out the clauses of the contract, which required the discharge of all existing obligations, clauses dictated, not only

by good faith due to previous rights, but even necessary for the validity of those which efforts were being made to obtain, Mr. Mocatta *handed over to that Government* the funds of the Loan.

It results from the foregoing that the lenders in London *recognised the necessity of paying off the previous creditors*, in order to render valid the hypothecation of the 55 per cent., and that they conformed to the decrees issued by the Government without the concurrence of those interested; there can be, therefore, no possible question about the validity of the *previous hypothecation, whose existence we prove with the subjoined attestation of the Registrar made on the 19th of the present month.*

CARACAS, Nov. 28th, 1864.

(Signed)

CARL HAHN,	SANTIAGO VERA,
J. M. MONSANTO,	L. SUCRE,
D. B. BARRIOS,	J. B. CALCANO,
R. ASPURUA,	EDUARDO GATHMANN,
MANUEL BERMUDEZ,	S. G. GASPARI, for MEYER
JUAN GIUSEPPI,	& LIEBERMANN,
CRUZ M. LLAMOZAS,	J. V. EGUI, for J. G. JAHN,
MANUEL M. HERRERA,	PROSPERO LIVET,
P. CEBALLOS,	MODESTO URBANEJA,
CARLOS SALIAS & Co,	ALEJANDRO VISO,
J. G. LUGO,	MANUEL MARIA AURRECOCHEA,
FELIPE JIMENEZ,	R. RAMIREZ.

True copy ;

The Sub-Secretary of the
Minister of Finance,
P. TOLEDO BERMUDEZ.

DOCUMENT No. 3.

To the Citizen General in charge of the National Executive Power.

(THE CONSTITUTIONAL COUNCIL OF FINANCIAL
ADMINISTRATION).

Having reconsidered the documents contained in the memorials which the holders of Shares and Notes of the Bank of Venezuela created by the Dictatorship, have addressed to the National Executive, requesting a resolution favourable to their claims, and founded on the fact that the hypothecation authorised in their favour is in existence, and was moreover constituted prior to the Loan Contract entered into in London with the firm of Baring Brothers & Co., the undersigned members of the Council of Administration deputed for that purpose, are of opinion that this being a subject of serious importance, and that consequently a premature decision should not be arrived at, especially as the question of right has not been clearly established, nor in terms sufficiently defined, the National Executive ought to place the subject in the hands of the High Federal Court, as the Tribunal competent to settle that question, and to order the 55 per cent. to be deposited until the definitive resolution be arrived at.

CARACAS, 3rd December, 1864.

(Signed) ANDRES A. SILVA, NICHOLAS SILVA,
C. E. CASARES, SANTOS E. MATTEI,
J. M. LUYANDO, and EUGENIO A. RIVERA

True Copy ;
The Secretary of the
Minister of Public Credit,
JOSÉ DE LA C. ACEDO.

DOCUMENT No. 4.

UNITED STATES OF VENEZUELA

Ministry of Public Credit.

CARACAS, *December 3rd*, 1864.

Resolved.—Let it be told to the High Federal Court, The representatives of what is called in the Money Market of Venezuela interior credit, most earnestly petition the Executive power to suspend the payments of the 55 per cent. of importation devoted by the Dictatorship to the payment of the dividends of the loan contracted with Baring Brothers and Co.

They allege to that effect that that revenue was pledged to the payment of the interior debt of which they are holders.

That is to say, the question is one of preference in the hypothecation.

The Citizen in charge of the Executive power, faithfully pursuing his system of conciliating instead of clashing the interests which past events have created, flattered himself that he would obtain from the claimants such an arrangement as would leave our foreign credit uninjured. Even to-day, he has yet hopes of being able to modify the conflicting rights to this end, and bring about a settlement alike acceptable to all.

But he desires above everything to obtain an advice, not for the purpose of dividing any responsibility, but that he may the better discern and resolve accordingly.

It appeared to him that among the high corporations of the State, the Council of Administration was the one to whose deliberations he might more immediately confide the matter, and he therefore called upon the said Council, requesting them to give him their opinion. The Members of the Council have privately framed to him

their views, as explicitly as can be in a difficult question, and upon which nothing has been yet decided.

The High Court, being in the Federal system the grand centre of justice, the legal conscience of the country, the General in charge of the National Executive has felt it his duty to adopt the opinion of the Council by submitting to the august Tribunal the question of right; that question may be condensed into these two formulas:—

1° How does the preference in the hypothecation influence the right of the mortgagees?

2° And, from the documents concerning the matter, which of the two creditors to whom hypothecation has been made has the legal preference?

The National Executive is hourly expecting the judgment of that high Corporation, so as to dictate such resolutions as his duty shall prescribe.

(Signed) JOSE DOLORES LANDAETA.

True copy—The Secretary of the Minister,

JOSE DE LA C. ACEDO.

DOCUMENT No. 5.

UNITED STATES OF VENEZUELA.

Ministry of Finance.

1st Section.

CARACAS, 3rd December, 1864.

Resolved—Let it be told to the Customs of La Guayra Puerto Cabello,

The Citizen in charge of the National Executive has this day dictated through the Minister of the Public Credit a resolution of which I enclose you a certified

copy. This resolution has been called forth by the petitions which the holders of the public internal debt have addressed to the Government; and in consequence of the said resolution, he has ordered that the 55 per cent. of the import duties set aside for delivery to the agents of Messrs. Baring Brothers and Co. be deposited in the national treasury of your port until further notice. You will moreover dispose that the pagarés which the merchants ought to sign must be done to the order of your Custom House, indicating only that they form part of the 55 per cent., to make the deposit effectual and the account clear.

I make this communication to you that it be strictly fulfilled.

For the Citizen in charge of the National
Executive,

(Signed)

JOSE D. LANDAETA.

True copy—The Secretary of the Minister of
Finance,

P. TOLEDO BERMUDEZ.

DOCUMENT No. 6.

United States of Venezuela.

High Federal Court,
No. 32.

CARACAS, 8th February, 1865.

To the Citizen Minister of Public Credit.

At this sitting of the High Federal Court, of which I have the honour of being President, the following resolution was adopted. The High Federal Court has seen the Docu-

ments submitted for its consideration by the Citizen in charge of the National Executive, Chief of the General Administration of the Venezuelan Union, with his note of the 3rd December last, in which, moved by the desire of arriving at a just and fair resolution, through the Minister of Public Credit, in the conflict with various creditors in and out of the Republic for the guarantee and payment of their respective claims, he enquires officially "how the preference of hypothecation influences the right of the mortgagees?" and "which of the Creditors represented in the statements herewith is entitled to preference?" The Court being thus incited to exercise voluntary jurisdiction in which there is no contention, and which is naturally and constitutionally attributed to it, on account of its quality as a high tribunal which serves as a basis in the establishment of that equality by which States are preserved in the Federal system, enters upon the consideration of the two points of right, touching which the National Executive requires a resolution. It appears by the public acts produced that two Contracts were entered into by the Dictatorial Government, who ended with the capitulations of Coche, one on the 21st October, 1861, with the Bank which then existed, for the sum of \$4,240,000, for the faithful and punctual payment of which said Government hypothecated in a special manner, from the 1st November to the 31st December of the same year, half the income of the Customs of La Guayra, and from January, 1862, henceforward 38% of all proceeds of importation that could be levied in all the Custom Houses of the Republic. This especial hypothecation was agreed and registered in due form in the office of this district on the 11th of November of the same year. The other Contract was entered into at a later period, on the 31st July, 1862, with the house of Baring Brothers, of London, for the sum of one million pounds sterling

(£1,000,000), negotiated in the form of a loan by the fiscal agent of the Dictatorship, Doctor Hilarion Nadal, which Contract does not appear to be favoured with any especial hypothecation constituted and registered with the formalities established by civil law. In the eyes of the law, therefore, the creditors who derive their title from the Contract with the extinguished Bank, are undoubtedly mortgagees by agreement, and those of the firm of Baring Brothers are merely personal Scripturists, with terms, conditions, and rules set down for their re-imbursement. But even in the case the creditors, Baring Brothers, would be equally conventional mortgagees, they would only be of a second order in the scale of payment, it being a well-known and long practised rule of right, that in a competition of creditors of a same class, "*Qui prior est tempore prior est jure*," that is to say, "He who is first in point of time, is also first in the right of being paid first."

[Then follows a long statement as to the origin and legal rights of hypothecations generally having no reference to the facts of this case.]

Having explained the origin and the only manner in which the real right of conventional mortgagees is to be constituted, it must further be known that the 27th Law, 13th Chapter, Part 5th, which harmonises with the 6th Law, 2nd Chapter of the Code of Judicial Procedures now in force, determining the gradation and the order in which the payments are to be made in a competition of creditors, lay down: That among the mortgagees non-privileged of a like class (and this equally applies to the Scripturists) he receives a preferred payment who has the oldest right. In any competition between a creditor by hypothecation and one simply personal, the former is always preferred to the latter in the order of payment.

In the foregoing explanations of the Law, the Citizen in

charge of the National Executive will find resolved the two points to which he refers in his official note of the 3rd December last. Let this said resolution be this day communicated to him as a satisfactory response to the aforesaid note.

CARACAS, 8th Feb., 1865.

JOSÉ MANUEL GARCIA.

And in accordance with the above, I have the honour of making this communication to you, so that you may please to present it to the National Executive for his information.

The President of the High Federal Court,

JOSÉ M. GARCIA.

True Copy :

GUZMAN.

DOCUMENT No. 7.

UNITED STATES OF VENEZUELA.

Ministry of Finance.

CARACAS, Feb. 23rd, 1865.

Resolved.—The National Executive, being desirous of conciliating the interests of the internal creditors with those of the exterior, and of settling at the same time the question that has arisen between them respecting the preference which they state they hold in the hypothecation of the public revenues, has resolved—

That of the proceeds of the Import Duties produced in the whole of the Custom Houses, with the exception of the 25 per cent. in addition to the said duties, 30 per cent. be set apart for application in the follow-

ing way, viz.: 15 per cent. to the payment of the internal debt, as soon as the matter is settled by the Legislative Body, and 15 per cent. to paying off that of the exterior debt to which end the same duties were also applied; this, of course, provided the creditors agreed to the settlement which on these Conditions has been proposed to them. It is consequently arranged that in the Customs of La Guayra and Puerto Cabello the pagarés be granted for the duties aforesaid, without any other division being made thereof, beyond that which corresponds to the amounts destined in both offices to the payment of the Government Bonds, according to the resolutions given to that effect.

The setting apart of the 15 per cent. applied to the external debt, from the date of this resolution, will take place in the National Treasury of the district, for which purpose the Custom House of the Republic shall send into the said office the whole of their free proceeds, reserving only such amount as is necessary to cover their expenses, the same to be approved by the Government.

The pagarés are to come duly indorsed to the National Treasury aforesaid, and the Custom Houses shall remit their funds week by week, excepting that of La Guayra which, on account of its proximity to the central office, shall send its remittances daily. Any other resolution that may be contrary to the present is hereby annulled.

Let this be communicated to those concerned, and duly published.

(Signed)

JOSÉ D. LANDAETA.

True Copy:

The Secretary of the Minister of Finance,

P. TOLEDO BERMUDEZ.

DOCUMENT No. 8.

SPANISH LEGATION IN CARACAS.

To the Minister of Foreign Affairs, for the Republic of Venezuela.

SIR,—The undersigned Spanish Chargé d’Affaires has at several interviews had the honour of showing to the Venezuelan Minister of Foreign Affairs that he has received orders from the Spanish Government to support the rights of Her Catholic Majesty’s subjects, who are holders of shares and notes of the extinguished Bank of Venezuela, and he has lately, in conjunction and harmony with the French Chargé d’Affaires, employed some means calculated to obtain from the Government of Venezuela a resolution that would satisfy its creditors on the matter in question.

The Minister of Foreign Affairs has felt himself under the necessity of recognising the right which enables said creditors to demand the payment of the sums represented by the titles of which they are holders in the Bank, for, indeed, that right is unquestionable, because it is founded,

Firstly, on the 8th Article of the regulation made by the executive power when creating in Caracas the Bank of Venezuela, by which Article the dictatorial government declared that the notes of said Bank should be received as cash at every public counter for every description of payment.

Secondly, on the 14th Article of the Contract entered into the 21st of Octobre, 1861, between the Government and the Committee of the Bank, wherein it is stipulated that 38 per cent. of the Import Duties of all the customs in the Republic should be delivered over to the said establishment.

Thirdly, on the 24th Article of the same Contract, which constitutes in favour of the Bank an especial hypothecation

of 38 per cent. of the Import Duties as a security for the obligations contracted by the nation towards the holders of shares and notes.

When the past administration subsequently decreed that the notes of the Bank should not be received as coin in the public offices, it broke the solemn engagement it contracted by the 8th Article above mentioned, without which the paper money would have had little or no current value.

Thus the guarantees for the payment of titles of the Bank were reduced to the capital that was to result from the delivery to said Bank of the 38 per cent. of the Import Duties of all the customs in the Republic; but the Government having likewise neglected to fulfil this obligation, the Bank failed, which it could not possibly help doing, because the 38 per cent. of the Import Duties which had been hypothecated to it, was the only source from which, according to the basis and conditions of its institution, it could derive its effectual resources.

The consequence has been that the owners of titles of the Bank have protested against these infractions of the Contract, and have for some time been claiming the liquidation of their holdings by means of the 38 per cent. of the Import Duties specially hypothecated to them by the 24th Article of the Contract, dated 21st Octobre, 1861. And who, save the Government, is responsible for things having arrived at such a state?

Nevertheless, the bad faith of the Government of General Paez did not stop here. They obtained a loan in London and mortgaged 55 per cent. of the Import Duties to be produced in the Custom Houses of La Guayra and Puerto Cabello, without any regard whatever to the obligations previously contracted with the Bank and the holders of notes; at all events, they evaded these obligations, for, it being an essential condition of the Loan Contract to free the Customs

from all mortgages weighing thereon, this condition was *never fulfilled* as respects the 38 per cent. destined to the payment of the notes, and to paying off the shares and interest of the extinguished Bank of Venezuela. The question, therefore, of the above-mentioned hypothecation has yet to be settled, and there is no doubt about the justice which enables the Spanish subjects, whose interests the undersigned is defending, to claim the priority of their right, together with the fulfilment of the terms on which the Bank was founded and the conditions for the issue of its notes; and in obedience to the orders which he has received from the Government of her Catholic Majesty, the undersigned is determined to lend all the official aid possible for the furtherance of that claim. Were it more convenient for the Government of Venezuela to receive the notes of the Bank in payment of a part of the Custom House duties, the undersigned will not object to such arrangement, and the extent to which said notes are to be admitted may be settled by means of a special meeting.

At all events the undersigned trusts that the Government of Venezuela will recognise the necessity of putting an end, one way or another, to the important subject which has led to this note, and he claims a decided answer, so that he may be able to render the Government of Her Catholic Majesty an account of the result of his proceedings.

The undersigned takes this opportunity of renewing the assurances of his distinguished consideration.

J. ANTO. LOPEZ DE CEBALLOS.

CARACAS, 14th Nov., 1863.

DOCUMENT No. 9.

SPANISH LEGATION IN CARACAS.

To the Minister for Foreign Affairs of the Republic of Venezuela.

SIR,—Herewith I have the honour of placing in the hands of your lordship a declaration of several of the Spanish subjects, who are creditors of the Venezuelan Government for shares and notes of the Bank, and for paper issued by the Government of the Republic.

On a former occasion I made known to your Ministry that the Government of Her Catholic Majesty had ordered me to support that claim by all the official power in my hands, and I now, therefore, renew my request for a resolution that will satisfy the just demands of the parties interested.

With a view of facilitating the settlement of this question, I am devoting my attention to the drawing up of a general statement showing the particulars of the Government debt above alluded to ; and I may assure your Excellency that not a single item that is not legitimate will be allowed to figure in the list which I will present in due course to the Government of the Republic. I renew the assurances of my distinguished consideration, and remain, &c.,

(Signed)

J. ANTO. LOPEZ DE CEBALLOS.

CARACAS, 11th February, 1864.

No. 10.

SPANISH LEGATION IN VENEZUELA.

To the Minister of Foreign Affairs, &c., &c.

SIR,—In compliance with the proposition I made to your Excellency in a recent communication, I have the honour to place in your hands a detailed account of the sums due to Spanish subjects for notes of the Government and notes and shares of the Bank of Venezuela.

In several letters I have recommended, in the most earnest manner, the settlement of this question to the Government of the Republic, grounding my recommendation on the circumstances of the issue of notes and the foundation of the Bank, which circumstances give to the claims in question a preference over any other obligations of the State. The condition that the said notes were to be received as coin in all public offices, together with the special hypothecation of the Import Duties, which served to guarantee them, so far condemn the Government, that unless it decides upon some other means of payment calculated to satisfy the creditors, it ought to fulfil the condition alluded to, and carry into effect the hypothecation before mentioned.

To avoid repeating arguments so often brought forward, I call the attention of your Lordship to my communications of the 14th November, 1863, and the 11th and 18th February of the present year, relative to this very subject.

Renewing the assurances of my distinguished consideration,

I remain, &c.,

(Signed)

J. ANTO. LOPEZ DE CEBALLOS.

Caracas, 24th May, 1864.

STATEMENT OF THE NOTES presented conformably with the notice
of January last in "El Federalista," No. 149, referring
and Shares of Bank of Venezuela.

	Notes of the		Preference Shares.
	Bank.	Government.	
	\$ c.	\$ c.	\$ c.
Re. Sor. D. Manuel Villanueva	23,115 00	...	...
	...	80 00	...
Marturet, Hermanos & Co.	16,065 00	...	...
	...	465 00	...
Prospero Hernandez	630 00	...	...
Dolores Lizarraga	...	...	1,500 00
José R. Lizarraga	...	...	1,000 00
	20,565 00	...	...
Genaro de Legorburu	...	2,085 00	...
	...	300 00	...
Manuel Machado	95 00	...	...
Castor Guinea	2,650 00	...	...
Ignacio Mesa	886 00	...	...
José Y. Ynsausti	17,185 00	...	...
	...	...	...
	22,350 00	...	...
José Vicente Egui	...	2,330 00	...
	...	...	1,250 00
Francisco Mora	2,750 00	...	...
	33,315 00	...	...
	...	5,000 00	...
Martin J. Larralde	...	...	13,250 00
	...	...	...
	...	...	...
Carlota Solar de Mendoza	30 00	20 00	...
Dolores Almonti	585 00	...	...
Santiago Rodriguez y Herms.	4,126 00	...	...
Miguel Zaldarriaga	6,740 00	...	...
	...	...	...
Felipe Montemayor	1,195 00	...	...
José P. Diez	994 00	...	...
	...	260 00	...
Melchor Monteverde	630 00	...	...
	...	625 00	...
Salas y Montmayor	1,335 00	...	...
	7,805 00	...	...
Pedro Salas	...	6,170 00	...
	...	...	...
Angel Sota	...	...	...
José Domingo Santana	...	330 00	...
	2,185 00	...	...
Gonzalez Delgado	...	605 00	...
	985 00	...	...
Marcos Echarmi	...	...	...
	...	...	...
Rosario E. de Olza	905 00	...	...
Juan Bta. Elizalde	5,000 00	...	...
	...	215 00	...
Bernardino Lopez	4,255 00	...	...
Cástor Martinez	170 00	...	...
	...	375 00	...
Carlos Sanchez	2,274 48	...	...
	670 00	...	...
José Ma, Mendoza	...	352 00	...
	11,995 00	...	...
Herrera Hermanos	...	...	46,00 00
Ramella Hermanos	4,420 00	...	...
	195,895 48	19,152 0	63,000 00

published by the Chargé d'Affairs of Her Catholic Majesty, 22nd
to the claims presented upon Notes of Government, and Notes

Ordinary Shares.	Loan of August.	Notes of 45 per cent.	Interest to 31 Dec. 1863.	Total Sums.	TOTALS.
\$ c.	\$ c.	\$ c.	\$ c.	\$ c.	\$ c.
			5,539 28	28,694 28	} 28,824 74
...	...	...	50 46	130 46	
...	...	...	3,668 90	19,733 90	} 20,481 85
...	...	...	282 95	747 95	
...	...	...	119 00	749 00	749 00
14,250 00	...	...	3,780 00	19,530 00	19,530 00
8,750 00	...	...	2,340 00	12,090 00	12,090 00
...	...	...	4,880 07	25,445 07	} 29,282 53
...	...	...	1,270 37	3,355 37	
...	...	...	182 09	482 09	} 112 86
...	...	...	17 86	112 86	
...	...	...	618 52	3,268 52	3,268 52
...	...	...	210 00	1,096 00	1,096 00
...	...	...	3,672 82	20,857 82	} 67,357 82
37,500 00	...	...	9,000 00	46,500 00	
...	...	...	3,962 13	26,312 13	} 46,155 46
...	...	...	1,393 33	3,723 33	
11,750 00	...	...	3,120 00	16,120 00	} 3,187 35
...	...	...	437 35	3,187 35	
...	...	...	7,905 65	41,220 65	} 221,055 15
...	...	...	3,042 50	8,042 50	
114,250 00	...	...	30,600 00	158,100 00	} 221,055 15
...	2,000 00	...	492 00	2,492 00	
...	...	10,000 00	1,200 00	11,200 00	} 67 18
...	...	...	17 18	67 18	
...	...	...	85 47	670 47	670 47
...	...	...	1,350 96	5,476 96	5,476 96
...	...	...	1,048 74	7,780 74	} 10,639 91
...	...	2,616 00	235 17	2,851 17	
...	...	...	284 34	1,479 34	1,479 34
...	...	...	201 00	1,145 00	} 1,466 80
...	...	...	121 80	321 80	
...	...	...	126 00	756 00	} 1,761 62
...	...	...	380 62	1,005 62	
...	...	...	138 00	1,473 00	1,473 00
...	...	...	1,140 00	8,945 00	} 30,817 00
...	...	...	3,702 00	9,872 00	
...	...	12,000 00	...	12,000 00	} 6,707 25
...	...	6,707 25	...	6,707 25	
...	...	...	198 00	528 00	528 00
...	...	...	364 69	2,549 69	} 3,522 83
...	...	...	368 14	973 14	
...	...	...	153 06	1,138 06	} 8,230 56
4,500 00	...	...	1,080 00	5,580 00	
...	...	1,375 00	137 50	1,512 50	} 1,047 38
...	...	...	142 38	1,047 38	
...	...	...	1,186 50	6,186 50	} 6,532 43
...	...	...	130 93	345 93	
...	...	...	851 00	5,106 00	5,106 00
...	...	...	32 00	202 00	} 805 37
...	...	...	228 37	603 37	
...	...	...	523 13	2,797 61	2,797 61
...	...	...	159 14	829 14	} 1,393 77
...	...	...	212 63	564 63	
...	...	...	2,399 00	14,394 00	} 72,674 00
1,000 00	...	...	11,280 00	58,280 00	
...	...	...	695 01	5,115 01	5,115 01
192,000 00	2,000 00	32,698 25	116,758 04	621,503 77	621,503 77

SUMMARY.

Notes of the Bank	\$195,895 48
Do. „ Government	19,152 0
Preference Shares	63,000 0
Ordinary do.	192,000 0
Loan of August	2,000 0
Notes of 45%	32,698 25
Interest due to December 31, 1863 .	116,758 04

\$621,503 77

The value of the notes of the Government, and of the shares of the Bank of Venezuela, amounts to the sum of Six hundred and twenty-one thousand five hundred and three dollars and seventy-seven cents.

Ex E. O.

Caracas, *Feb.* 23, 1864.

(LS) J. ANTO. LOPEZ DE CEBALLOS.

(A true copy) :

RAFAEL SEIJAS, Secretary.

BRITISH LEGATION.

I hereby certify that the foregoing signature of Mr. Rafael Seijas is the genuine signature of that gentleman, who is Secretary to the Minister for Foreign Affairs.

Given under my hand and seal of Office at Caracas, this fifth day of August, 1865,

R. EDWARDES,

(LS) H.B.M's Chargé d'Affaires
and Consul General.

Entered at folio 225,

WM. A. ANDRAL.

DOCUMENT No. 11.

LÉGATION ET CONSULAT GÉNÉRAL DE FRANCE AU
VÉNÉZUÉLA.CARACAS, *le 11 Novembre, 1863.*

Le soussigné chargé d'affaires de France a l'honneur de rappeler à l'attention de Monsieur le Ministre des Relations Extérieures de la confédération Vénézuelienne l'urgence des mesures qu'il a réclamées de S. S. dans plusieurs conférences et notamment en dernier lieu de concert avec M. le chargé d'affaires d'Espagne à l'effet d'obtenir l'amortissement des billets de banque de propriété française déposés dans la chancellerie de la Legation.

Monsieur le Ministre des Relations Extérieures n'a pu se dispenser de reconnaître lui même le droit indiscutable des détenteurs de ces titres à en poursuivre le remboursement : le droit s'appuie 1^o sur l'article 8 de la patente émanée du pouvoir Exécutif le 17 Octobre, 1861, et portant création d'une banque nationale à Caracas, article d'après lequel le Gouvernement dictatorial avait déclaré que les billets de la dite Banque seraient reçus comme espèces dans les caisses publiques pour les paiements de toute nature.

2^o Sur l'article 14 du contrat passé le 21 Octobre, 1861, entre le Gouvernement et les commissaires de la Banque, aux termes duquel 38 pour cent des droits de l'importation de toutes les douanes de la République devaient être versés à cet établissement.

3^o Sur l'article 24 du même contrat constituant une hypothèque spéciale de 38 pour cent des droits d'importation de la Guayra en garantie des obligations de l'état envers les porteurs d'actions et de billets de la Banque.

En décrétant plus tard que les billets de banque ne seraient

plus reçus par le Trésor, l'Administration antérieure a manqué à l'engagement solennel qu'elle avait contracté par l'article 8 de la patente et qui seul pouvait donner confiance dans le papier de la nouvelle institution. Il restait donc aux détenteurs pour seule garantie du remboursement de leurs titres le capital qui devait créer entre les mains de la Banque le versement du 38 pour cent des droits d'importation des Douanes de la République.

Le Gouvernement n'ayant pas rempli l'engagement pris par lui à cet égard la banque a fait faillite, et il devait en être ainsi puisque ses ressources en numéraire ne pouvaient provenir d'après son mode d'organisation que du recouvrement de la portion des droits qui lui était affecté par l'article 14.

Qu'est il résulté de cet état de choses dont toute la faute retombe sur le Gouvernement Dictatorial? Que les porteurs de titres ont constamment réclamé, comme ils en ont le droit, la liquidation de leurs valeurs au moyen du 38 pour cent sur lequel ils ont hypothèque spéciale d'après l'article 24 du contrat du 21 Octobre, 1861. Dans cet état de choses le Gouvernement du Général Paëz contracte un emprunt en Angleterre et affecte aux prêteurs 55 pour cent des perceptions de Douanes de la Guayra et Puerto Cabello, sans respect pour les droits antérieurement constitués aux créanciers de la Banque. Il restait il est vrai, 45 pour cent disponibles pour remplir les engagements pris envers ces derniers, mais par une conséquence de la déloyauté dont ils avaient été victimes depuis la création de l'établissement, leur hypothèque demeura et paraît encore aujourd'hui considérée comme lettre morte.

La légation de France ne sauraient cependant voir avec indifférence affecter régulièrement au service de l'emprunt Baring les 55 pour cent des droits d'importation de la Guayra, dont 38 forment incontestablement le gage de créan-

ciers de la Banque, disposition d'autant plus contraire au droit que, par le contrat passé avec la maison Baring Bros. & Co. le Gouvernement du Général Paëz s'était engagé formellement à destiner le produit de l'emprunt à éteindre les hypothèques clause, dont les prêteurs anglais auraient dû dans leur propre intérêt assurer l'exécution.

Le soussigné se voit donc dans le cas d'exiger l'accomplissement des obligations antérieures prises par le Gouvernement Vénézuélien envers ceux des ses nationaux qui possèdent des titres de la Banque, et proteste en conséquence contre la continuation d'un état de choses aussi préjudiciable à leurs intérêts que contraire au principe de droit d'après lequel les hypothèques doivent être éteintes selon leur ordre d'inscription.

Relativement aux billets le soussigné réitere d'ailleurs à Monsieur le Minstre des Relations Exterieures l'offre qu'il a eu l'honneur de lui faire verbalement de ne pas se prevaloir de la garantie donnée aux intéressés par l'article 24 de l'acte du 21 Octobre, 1861, s'il convient au Gouvernement de recevoir ces titres dans les Douanes de la République sinon pour la totalité du moins pour une fraction des droits d'importation et d'exportation. Le quantum de cette fraction serait en ce cas l'objet d'une convention spéciale qui en fixerait l'importance.

Le préjudice notable qui résulte pour le commerce français de la privation de la partie de ses capitaux représentée par les titres de banque dont il est porteur, fait espérer au soussigné que le gouvernement Vénézuélien prendra sans rêtard les mesures propres à satisfaire d'une manière ou d'une autre à sa juste demande. Il prend la liberté de reclamer en tous cas à Mr. le Ministre des Relations Extérieures une réponse catégorique à la presente note afin de pouvoir en faire connaître les effets au Gouvernement Imperial par le prochain packet.

Le soussigné a l'honneur de réitérer à Monsieur le Dr. Villegas les assurances de sa consideration distinguée.

A. MELLINET.

True Copy :

RAFAEL SEIJAS.

British Legation.

I hereby certify that the annexed signature of Mr. Rafael Seijas is the genuine signature of that gentleman, who is the Secretary to the Minister for Foreign affairs.

Given under my hand and seal of office at Caracas, this eighth day of August, 1865.

R. EDWARDES,

H.B.M's. Chargé d'Affaires
and Consul General.

Entered at fo. 226.

WM. A. ANDRAL.