

public, to assume the contract which he has made, and immediately grant the extension of the railroad to Mazatlan; in which case he assures me I could dispose of the funds I most wished. I believe I have no power to authorize such a contract, and even if I had, I would not do it; but, at the same time, not wishing to embarrass General Carvajal, so that he may not say his project failed because I opposed it, I agreed not to express my opinion on the subject, not to see any members of the company, or not to mention the subject, if I should happen to see them, and if General Carvajal should ask me directly if I intended to ratify the contract, I should simply say to him I had no power to do it. So, if the negotiation could be realized in this way, they will have a good beginning, and I will do all I can to remedy the evil caused, and make other arrangements on better terms, though it may be a bad precedent; and if not realized, which in my judgment is most probable, I will have an open field to proceed under better auspices.

Since this arrangement, and those which Generals Sanchez, Ochoa, and Vega might have made in San Francisco, by virtue of powers for that object granted to them by the supreme government, and by which they have disposed of the revenues of the Pacific States, you will perceive that I will have little to offer for a grand negotiation, and that it will be impossible for our debt to assume a system of unity, so desirable for us as well as for our creditors. Past experience induces me to recommend to you in a very particular manner that the supreme government adopt in future the system of intrusting those affairs to a single person, instead of appointing many, entirely independent of each other, and with different instructions. I recommend, therefore, to the supreme government to charge me exclusively with the arrangement of those affairs, if I am to have anything to do with them, or to deprive me entirely of the power it has given me to interfere, if it can find a more proper person to attend to them, which I would much prefer.

I repeat to you the assurances of my very distinguished consideration.

M. ROMERO.

The Citizen MINISTER OF FOREIGN RELATIONS,
Chihuahua.

WASHINGTON, April 20, 1867.

A true copy :

IGNO. MARISCAL, *Secretary.*

No. 7.

Contract.

To whom it may concern :

As manifested by various decrees or supreme orders of different dates, it is the policy of the constitutional republic of Mexico, of which Benito Juarez is now the citizen President, to encourage in all lawful and consistent ways emigration to and colonization of the States of Mexico. In furtherance of said policy, the citizen President aforesaid issued supreme orders from the city of Chihuahua, then the seat of government, one dated November 8, 1864, the other dated November 12, 1864, authorizing General José M. I. Carvajal, then and now civil and military governor of the States of Tamaulipas and San Luis Potosi, among other powers, "to arbitrate the ways and means that may be necessary" for certain specified purposes; also, to contract a foreign loan of such amount as he might think required "to promote the same policy," of which supreme orders extracts vesting said authorizations have been copied in the English and Spanish languages, and the copies, duly authenticated, delivered by the said General Carvajal to the party with whom the following arrangement has been undertaken.

Know ye, therefore, that in conformity to the policy mentioned, and by virtue of the authority conferred by the said supreme orders, said General José M. I. Carvajal, on this 15th day of May, 1865, at the town of San Carlos, Tamaulipas, has bound and obligated the government of the States of which he is governor, and the general government of the United States of Mexico, of which he is the agent as aforesaid, all of the first part, to and with the United States, European, and West Virginia Land and Mining Company, organized under the laws of the State of New York, in March, 1865, office 43 Exchange Place, New York city; and that the said United States, European, and West Virginia Land and Mining Company, of the second part, has, at the same time and place, similarly bound and obligated itself to and with the said State governments, and the said general government of the United States of Mexico, to the effect and in the words and figures following, to wit:

First. The said parties of the first part hereby grant to the said party of the second part two hundred and fifty square leagues of vacant agricultural lands, situated in the State of Tamaulipas, and two hundred and fifty square leagues of vacant agricultural lands, situated in the State of San Luis Potosi, to be selected and located by the agents of the said second party.

Second. The said parties of the first part also hereby grant to the said party of the second part two thousand one hundred and thirty-six mines, situated in the States of Tamaulipas and San Luis Potosi, to be selected, located, denounced, and worked by the agents or assigns of the said second party. The mines to be thus selected, &c., it is expressly understood, are what are designated by the mining laws of Mexico as "company mines," composed of seven *pertenencias* of a square of two hundred Mexican *varas*, equivalent to about fifty (50) square acres to a mine.

Third. And the said parties of the first part also hereby grant to the said party of the second part the privilege of constructing and operating, under its sole management and direction, a substantial double-track steam railway, to begin at the city of Matamoros, on the Rio Grande river, and running by way of the cities of San Carlos and Victoria, and the towns of Jamaeme, Palmillas, and Miquihuana, in Tamaulipas, and the city of San Luis Potosi, in the State of San Luis Potosi, to extend to the western limit of the latter State, with a view to its ultimate extension, by the most eligible route, to Mazatlan, on the Pacific coast. Like privilege is hereby granted to the said second party to construct and operate branches of said railway to Soto La Marina and Tampico, by such routes and through such places as to said second party may seem the best. To effect all which the said first parties further grant to the said second party the free and uninterrupted right of way for said railroad and branches, of a width not exceeding one hundred and fifty feet, together with the right to convert to its use for said railroads all material convenient to the line thereof, and of whatever kind necessary in the construction of the same, the payment of such rights of way and construction material to be arranged and provided for by the government of either of the said States in which they may be situated, whenever they are the property of an individual proprietor or citizen who claims compensation for their conversion. Also, lots of land, suitable in situation and quantity for station-houses, water tanks, depots, storage-houses, and every appurtenance essential to the operation of railroads. Also, the privilege of navigating any bay, lake, or river, when necessary to perfect and continue any line of travel or transportation. Also, the right to construct canals when they may be convenient to connect any such bays, lakes and rivers. Also, to construct telegraph lines along said railroad and branches, or between points which they may intersect. Also, to sink artesian wells wherever they may be required for the purposes of said second party. Also, to continue and complete said railroads, telegraphs, and lines of water communication and travel from the western limit of the State of San Luis Potosi to the port of Mazatlan, on the Pacific coast, by routes the most

eligible and the best calculated to promote the improvement and development of the country, this latter privilege to be valid and complete only when it is formally sanctioned by the general government of Mexico; the said General Carvajal pledging himself to exert all his influence and interest to accomplish said ratification upon grants, terms, and conditions similar to those specified relative to the railroads, &c., from Matamoras to the western limit of the State of San Luis Potosi.

Fourth. It is hereby expressly stipulated by and between the contracting parties of both parts, that the foregoing grants and privileges are made upon the following provisions and conditions, to wit:

1. That the capital stock of said second part shall be extended to at least fifty millions of dollars, of which the citizens, corporations, municipalities, and State governments of Mexico are to have the privilege of taking up and subscribing twenty-five millions at the par value of each share, up to and within one year from and after the proclamation of peace in said republic by the proper authorities thereof.

2. That the said second party shall select, distribute, denounce, and work all mines which it may locate under the foregoing grant, so as to conform in all things to the regulations and prescriptions of the mining laws of Mexico.

3. That the said second party, to select and locate the lands, and to work, or cause to be worked, the mines above granted, shall be allowed time up to the said proclamation of peace, and also ten years thereafter.

4. That the lands above granted (excepting the quantity which it can by law originally locate and retain) shall be sold and transferred by said second party, in parcels or tracts not exceeding eleven square Mexican leagues in extent, to different individuals, within ten years from and after the proclamation of peace, in order not to violate the general colonization law of Mexico, passed by the Mexican Congress about August, 1824, by which it was enacted that the government should not sell or grant to one individual or company more than eleven leagues of land; a prohibition applicable alone to the government, not to companies or individuals.

5. That the emigrants, colonists, miners, and all other persons introduced by said second party into the States of Mexico, shall not become entitled to the franchises, rights and privileges of Mexican citizens until they shall have each complied with the requisitions prescribed, or which may be hereafter specially prescribed, for naturalization by the laws or decrees of the republic of Mexico.

6. That the said second party shall complete and put in operation the railroads, telegraphs, &c., aforesaid, within fifteen years from and after the proclamation of peace in the said republic, or such longer time as the engineer of the road may deem indispensable, and the ratification by the general government thereof, of the contemplated extension of said railroads, telegraphs, &c., from the western limit of the State of San Luis Potosi to the Pacific coast, and the subscription of the increase of the capital stock (\$25,000,000) reserved for the Mexican shareholders, if the same should be taken up by them within the time allowed and specified for their subscription.

7. That if any circumstance or accident should occur, not within the foresight or control of said second party, making it impossible for it to prosecute the work above prescribed, the time thus unavoidably lost shall not be counted as part of the fifteen years limited for the completion of the same.

8. That the several grants above mentioned, having relation to internal improvements, shall be exclusive in said second party for a term of thirty-five years from their completion, and during the progress of the same, in consideration that the said second party obligates itself to transport, free of charge, the military officers, troops, and munitions of war of the general government during the continuance of said term.

9. It is further understood, that if the said general government shall grant

said second party the privilege of constructing and operating railroads, telegraphs, and lines of water transportation at pleasure, throughout the territorial limits of the republic, under inducements, privileges, and land grants, similar to those embraced in the foregoing stipulations, said second party will further obligate itself to transport, for all time to come, over its said railroads, &c., at half-fare rates, the said military officers, troops, and munitions of war.

10. That if the emigrants, colonists, laborers, or employes of the said second party, to be sent by it into the Mexican States, conformably to the objects and stipulations herein recited, should at any time be unlawfully, or in violation of the said objects and stipulations, employed by the said first parties in a manner to divert them, or any of them, from the service of the said second party, then the said first parties shall be responsible to said second party for all damages incurred thereby; and in such event, said second party shall be and is hereby authorized to retain and place to its credit such bonds of the Mexican government, or proceeds of the sale of bonds in its possession, under the financial arrangement hereinafter developed, as will in amount cover the damages actually incurred, the particulars of the expenses and damages to be ascertained, fixed and liquidated by an account verified by affidavit of the secretary of said second party; and in case there should not be, at the time, any bonds or proceeds of the sale of bonds, in possession of said second party, with which to liquidate the amount of expenses and damages incurred as aforesaid, the same shall constitute a just claim against said parties of the first part, to be by them paid within a reasonable time after presentation of the verified account.

11. That as soon as the said second party shall cause a sufficient number of emigrants or colonists to be collected at suitable points for residence, the governor of the State within which they are collected shall, upon petition of such emigrants or colonists to him presented, incorporate them into towns, and grant them town lots gratis, provided said petitioners shall have become citizens of the republic of Mexico, and conformed their application for corporate rights to the law of the State. When incorporated, the citizens of said towns shall have the privilege of electing their own municipal authorities, and directing their corporate affairs, particularly as respects corporate taxes and public schools.

Fifth. The said party of the second part, in consideration of the grants aforesaid, agrees to and with the said parties of the first part, as follows:

1. To construct and put in operation the railroad and branches, telegraph, and lines of water transportation, above mentioned, according to the conditions, limitations, obligations, and provisos specified in connection therewith.

2. To forward colonists, emigrants, and laborers to the States of Mexico, as above stipulated, being careful that none but industrious and respectable white people shall be thus forwarded.

3. To receipt for and negotiate the sale of thirty millions of bonds of the government of the United States of Mexico, and the States of Tamaulipas and San Luis Potosi, said bonds to be duly issued to the second party for that purpose, redeemable, bearing interest, and payable, printed and in form as hereinafter specified, with the understanding between said parties as follows:

Said second party is to receive a general commission of five per centum upon all amounts realized from the sale of said bonds, the commission being intended to cover expenses and compensate said second party for services in and about the negotiation of the bonds. If the said bonds sell for any amount over sixty cents in gold to the dollar in bonds, then said second party is to receive a commission at the rate of thirty per centum on the excess realized by the sale.

The said bonds are not to be sold by said second party at a less rate than forty dollars (\$40) in gold for every one hundred dollars (\$100) in bonds.

And in case it should become desirable on the part of the said general government to hereafter increase its loan to the sum of fifty millions of dollars, (\$50,000,000,) offered it by said second party, or to even a greater amount, then

bonds of similar style, issue, conditions, guarantees, and purport, (except that the land and mining guarantees of the increased loans will be extended to the vacant lands and mines of the republic generally, as the general government shall direct,) and in amounts sufficient to cover the increased loans, whatever the increase may be, shall be issued by the said government and delivered to said second party for sale upon the same terms, as respects rate of commission, as are above specified for the first issue of thirty million dollars (\$30,000,000.)

The proceeds of the sales of all bonds sold under the foregoing arrangement are to be deposited in the Bank of Commerce of the city of New York, subject to the order of said second party, for the use of said general government of the United States of Mexico.

The bonds so to be issued and negotiated are to be printed in the Spanish and English languages, and in the words, figures, and form, as follows :

Form of bond.

The United States of Mexico and the States of Tamaulipas and San Luis Potosi will pay to D. Woodhouse, or bearer, the sum of — dollars, (the amounts to be \$50, \$100, \$500, and \$1,000,) with seven per centum interest, payable semi-annually, on the — day of —, and the — day of —, (the dates to be regulated at the time of printing the bonds,) in each year, at the Bank of Commerce in the city of New York, principal and interest payable in gold. For the payment of this bond the faith of the United States of Mexico is hereby pledged. Its payment is also specially guaranteed by the pledge of \$50,000,000 in select mineral lands in the States of Tamaulipas and San Luis Potosi, of the minimum value of \$100 per acre, and by five millions of acres of select agricultural lands in the same States of the value of from \$1 to \$50 per acre; also, by the pledge of eighty per cent. of all the federal and State revenues accruing from port duties, imposts and taxes, in the States named, aggregating at least \$3,000,000 per annum. This bond is receivable in payment of all lands and mines at the minimum prices, (\$1 per acre for agricultural lands, and \$100 per acre for mineral lands,) and of all dues in any manner payable to the said general and State governments within the States of Tamaulipas and San Luis Potosi, and of duties at the ports of Tampico, Soto La Marina, Matamoras, Camargo, Mier, New Laredo, and such others as may be hereafter established in said States.

Dated at San Carlos, in the State of Tamaulipas, United States of Mexico, this — day of —, 1865.

Attest :

JOSE M. I. CARVAJAL,
Governor of Tamaulipas and San Luis Potosi,
acting for said States and the United States of Mexico.

Entered :

JULIAN CERDA, *Secretary.*

And the said second party agrees to indorse the bonds which it may negotiate whenever its indorsement is necessary to the negotiation of the same. Also, to honor all orders that may be drawn against the proceeds of sales on deposit, (as above arranged,) by said General José M. I. Carvajal, or by the said general government of Mexico, or by its lawful agent in the United States of America, to be appointed by the said General Carvajal.

Sixth. To give to said second party additional strength to perform all the undertakings on its part to be performed according to the foregoing stipulations, the said first parties hereby further grant to said second party \$20,000,000 in the bonds of said first parties, of style, conditions, purport, &c., similar to that above set forth; in consideration of which grant, as well as of those that pre-

cede it, and of the confirmation of the same, said second party hereby binds itself to issue to the said States of Tamaulipas and San Luis Potosi five millions of its full paid stock, that being one-fourth of its original full paid capital stock, which fair valuation of its lands, added to the fair value of the lands, privileges, and bonds above granted, represents \$80,000,000.

Said party of the second part also hereby obligates itself to advance to said first parties, from time to time as they may require, its acceptances, payable on demand or otherwise, to the amount of \$50,000,000 or more, the drafts to be drawn in words and figures as follows :

Form of draft.

SUPREME ORDERS OF THE 8TH AND 12TH NOVEMBER, 1864.

[Juarez.] { United States of Mexico, State of Tamaulipas, } [Lincoln.]
 { San Carlos, July 4, 1865. }

To the company known as the United States, European, and West Virginia Land and Mining Company, New York :

“ Pay to the bearer five dollars from the funds in your possession from the sale of Mexican bonds.”

Said obligation of the second party is based upon the understanding hereby agreed to, that said first parties undertake to always have their bonds as above described in the possession of said second party, for negotiation and sale by it as above provided for, the proceeds thereof to be drawn against at the minimum rate of forty cents in gold to every one dollar in bonds.

Seventh. Finally, it is further agreed and understood, by and between the contracting parties, as conditions absolutely essential to the validity of all the grants and privileges herein conceded by the said parties of the first part, that nothing herein contained shall ever be so construed as in any manner to impair the sovereignty or integrity of the republic of Mexico.

That the said second party and its employes shall pay all lawful taxes and imposts levied on their property in the said republic; that whomsoever said second party may locate on its lands and mines herein granted, shall be subject to the laws of the republic, and the States thereof, and become citizens thereof, entitled to all the privileges and submitting to and performing all the duties of such citizens; that said party of the second part and its agents and officers shall never, under any circumstances, give aid or countenance, directly or indirectly, to any plans of revolution or secession against the constitutional government of Mexico and its free institutions; at the same time that the said second party shall not be responsible for the unlawful and unauthorized conduct of its employes or emigrants, nor shall such conduct work any forfeiture against said second party, unless it be proven a party thereto. Also, that all questions that may arise under this arrangement, between the general or State governments aforesaid and the said second party shall be adjusted by private arbitration—the arbitrators, two in number, to be chosen one by each of the parties interested; and in the event of their disagreement, the question or questions in dispute shall be referred to some court of justice of lawful jurisdiction in the United States of Mexico.

Witness our hands and seals hereunto affixed, on the day and year aforesaid.

[SEAL.]

JOSE M. I. CARVAJAL,
Governor of Tamaulipas and San Luis Potosi, acting for
said States and the United States of Mexico.

[SEAL.]

DANIEL WOODHOUSE,
Secretary, Sup't, and General Financial Agent of the United
States, European, and West Virginia Land and Mining Co.

I certify that General José M. I. Carvajal, of the army of the republic of Mexico, is governor of the States of Tamaulipas and San Luis Potosi, of the said republic, and that as such he has full powers to dispose of the public revenues, and other resources of the said States. I also certify that he is especially empowered by the supreme order dated Chihuahua, November 12, 1864, to contract loans and bind the public faith of the nation for their payment, and that all contracts he may celebrate in conformity with the aforesaid powers will be binding on the Mexican republic and on the States he represents, and that the signature to the foregoing contract is a genuine signature of the said General José M. I. Carvajal, and known to me as such.

Done and sealed at my consulate office, in the city, county, and State of New York, this 31st day of July, in the year 1865.

[SEAL.]

JUAN N. NAVARRO,
Mexican Consul General.

UNITED STATES OF AMERICA, STATE OF NEW YORK,
City and County of New York, to wit :

Be it known that on this 31st day of July, in the year 1865, at said city of New York, before me, Stephen D. Van Schaick, a notary public for the State of New York, duly commissioned and qualified, dwelling in the said city of New York, personally came Daniel Woodhouse, to me known to be the same person who, in an official capacity, as hereinafter mentioned, executed the foregoing instrument, and who, being by me duly sworn according to law, on his solemn oath deposes and says, that he is the duly appointed secretary, superintendent, and general and financial agent of the United States, European, and West Virginia Land and Mining Company, and he thereupon acknowledged that he in that capacity signed, sealed, and delivered the foregoing instrument as the authorized act and deed of said company for the uses and purposes therein mentioned.

In testimony whereof, I have hereunto set my hand and affixed my official seal the day and year herein mentioned.

[SEAL.]

S. D. VAN SCHAICK,
Notary Public for the State of New York.

WASHINGTON, April 20, 1867.

A true copy :

IGNO MARISCAL, *Secretary.*

No. 8.

MEXICAN LEGATION IN THE UNITED STATES OF AMERICA.

The five hundred square leagues of arable land ceded to the company are equivalent to 2,169,232 acres. At a minimum of one dollar per acre, a section (sitio) will be worth \$4,338 46, and the five hundred sitios will amount to \$2,169,232.

The 2,136 mines of 50 acres each make 106,800 acres, which, at \$100 per acre, amount to \$10,680,000.

To the same company are granted 7 per cent. bonds amounting to \$20,000,000 ; making a total of \$32,849,232.

Besides this, there is the grant of the railroad right and its perquisites to sell \$30,000,000 in bonds, giving a commission of five per cent. on the profits of sales, which at forty per cent., the minimum fixed, will give \$12,000,000 in gold ; at fifty per cent., \$15,000,000 in gold ; and at sixty per cent., \$18,000,000, also in gold. In the first case the amount will be \$600,000, in the second \$750,000, and in the third \$900,000.

Adding the \$600,000 to the first sum, we find that \$33,449,232 are given to the company to furnish Mexico, by the sale of the bonds, \$11,400,000, \$14,250,000, or \$17,100,000 in gold, according as the sales are made at 40, 50, or 60 per cent.

Consequently, without recovering the value of the lands and mines ceded, the synopsis of the affair is as follows :

Millions to negotiate on account of Mexico.....	\$30,000,000
Grants to the company.....	20,000,000
Total.....	<u>50,000,000</u>
Produce of the sale of thirty millions at 40 per cent. makes.....	\$12,000,000
Less five per cent. commission.....	600,000
Leaves a net profit of.....	<u>11,400,000</u>
Discount on sales and commission.....	<u>\$38,600,000</u>

If the dollars are sold at 22 4-5 cents, and the 7 per cent. interest on the fifty millions, which is three millions five hundred thousand, will be the interest of \$11,400,000 in specie converted into 32.63 per cent.

If the sale is made at 50 per cent. the dollars would be sold at 28½ cents, and the 7 per cent. interest converted into 24.56 per cent. ; and if the sale is at 60 per cent. they would be sold at 34 1-5 cents, and the 7 per cent. interest converted into 20.47 per cent.

The value of the dollars would be much less and the interest much greater, if the \$12,849,232 of the vacant lands and mines be included in these estimates.

It is thought the bonds cannot be sold for more than 60 per cent. ; for which reason an excess above that quantity is not reckoned.

The bonds are to be delivered to the company immediately, so if it suspends payment it may still continue to dispose of all of them. There is no time fixed for the commencement of the liquidation of the debt, and the principal and interest is to be paid in gold, without regard to the market price of the bonds.

WASHINGTON, April 20, 1867.

A true copy :

IGNO MARISCAL, *Secretary.*

No. 9.

No. 393.] MEXICAN LEGATION IN THE UNITED STATES OF AMERICA,
New York, August 16, 1866.

In accordance with the offer I made in my note numbered 380, of the 8th inst., I proceed to give you the information I have obtained up to this time about the company with which General Carvajal made the arrangements with which you are acquainted. They consist of two letters from Mr. William E. Dodge, jr., a very respectable merchant of this city, and three from Mr. ——. I enclose you translated copies of all these letters.

From them, and from conversations with Mr. Dodge, it appears the company is entirely unknown to the merchants here ; that its general agent is a third-class lawyer of no pecuniary responsibility ; that of the other persons forming it Mr. Sackett is the only one who has any capital, which Mr. Dodge thinks is not over three hundred thousand dollars ; that the company has no funds in the house announced in the prospectus as that of its bankers, nor in the hands of its trea-

surer; that the title itself of the company indicates that it has been organized for a very different object, or that it has been formed with a pompous name exclusively for this business, without having funds or responsibility of any kind.

Until I get further information of this company, and further details of General Carvajal's arrangements, I shall have great fear of this business giving us much trouble and difficulty. I am convinced that the company will make no advances to General Carvajal, for the simple reason it has no funds to advance. I know he has received bills of exchange accepted by them for about a million of dollars; but, as they have no credit or funds, those bills are worth nothing, and will not be paid on presentation, unless they have sufficient funds as proceeds of the sale of the bonds. Moreover, that sort of a company is not calculated to succeed in the sale of the bonds; and as it is not known and has no funds our bonds would be worth much less in their hands than in the hands of a respectable and creditable house.

On the night of the 12th I paid a visit to General Carvajal to tell him what I had found out, and to warn him to proceed cautiously with the company. He told me that General Wallace had assured him that the company was solvent, and there was no danger in treating with it, to which he seems to give full credit. The principal danger I see consists in the delivery of the fifty millions of dollars in bonds to the company without any security, and which delivery he is bound to make by the terms of the contract.

General Carvajal thinks three millions should have been handed over to him some time ago on account of the business; the delivery of this sum has been put off from day to day, and I understand that up to this time he has only received accepted drafts, which, as I have said, will be available only after a certain time, and in case they do not exceed the produce of the sale of the bonds.

That you may have a better idea of this business, I think proper to give you three incidents related to me by General Carvajal. After the contract had been signed, and when all seemed finished, Mr. Woodhouse said he would have to get the consent of this government before any advances could be made, and that he and General Wallace were going to Washington to see Mr. Seward on the subject. He afterwards assured me, I do not know on what grounds, that the Secretary of State approved of it with satisfaction, and even said he was pleased with it, which I think is very improbable; but even this circumstance does not seem to have decided the company to make any disbursement.

The second incident is a letter that General Carvajal is going to address to the president of the company, to request him to ratify the arrangements he has made with Mr. Woodhouse, which makes me think that even he himself doubts that Mr. Woodhouse has acted in the name of the company, and that the company is bound by the contract with him. I would send you a copy of the company's prospectus with this note, to which Mr. ———'s letter refers, but the only one I have seen was lent me by General Carvajal, with the request to return it to him as soon as possible. I have tried in vain to get a copy from the company, by various means.

Mr. Dodge showed me a memorandum yesterday, sent to him by one of the persons he employed to make inquiries about the company, in which it is said a new prospectus is in preparation, with a capital of eighty millions of dollars in Mexican lands and in some States of this country, but none in West Virginia. Of course this new capital will exist only on paper.

You will see from the enclosed letters, particularly from those of Mr. ———, sufficient particulars to show you into the hands of what kind of speculators General Carvajal has fallen.

The worst of this arrangement now perfecting is, it will cause great embarrassment and produce so much confusion that after it I will not be able to find a house of any repute, that has a regard for its name, to take charge of the sale of the bonds I would like to dispose of, and diminish in a like proportion the confidence of purchasers.

As I am almost sure the drafts accepted by Mr. Woodhouse will not be paid, I think it my duty to advise you, before negotiating those that have been or may be sent by General Carvajal, to wait for the development of this business, so as not to expose the drafts to be dishonored, and the credit of the government suffer in consequence.

These incidents are of such a serious nature that they save me the necessity of discussing such clauses of the contract as are of a secondary consideration, and are sufficient in themselves, without further comment, to disapprove of it.

If General Carvajal were less absorbed in the arrangements he has made, and not so partial to the persons with whom he has treated, and if he had a different disposition, I am sure he would not fail to perceive what all those around him see very plainly, and that he would try to remedy the evil already committed. But unfortunately, as this cannot be expected of him, I believe the only possible way to remedy the evil is for the supreme government to declare the contract null because General Carvajal had not the authority to make it. This action might be deferred till facts convince the citizen President that the contract cannot be carried out, as General Carvajal understands it; although, on the other hand, it would be expedient to annul it immediately.

I repeat to you the assurances of my very distinguished consideration.

M. ROMERO.

The Citizen MINISTER OF FOREIGN RELATIONS,

Chihuahua.

WASHINGTON, April 20, 1867.

A true copy :

IGNO. MARISCAL, *Secretary.*

No. 10.

PHELPS, DODGE & Co., Nos. 19 AND 21 CLIFF ST.,

New York, August 8, 1865.

MY DEAR MR. ROMERO: I find the company to which you refer is not known at all.

The gentleman whose name appears as general agent is a lawyer, and is not known to have any pecuniary responsibility. Have you obtained the other names?

I will follow up the investigation as far as possible, and report to you. I write now, as I may be out of town on Wednesday.

Yours, truly,

W. E. DODGE, JR.

Señor M. ROMERO, &c., &c., &c.

WASHINGTON, April 20, 1867.

A true copy :

IGNO. MARISCAL, *Secretary.*

No. 11.

PHELPS, DODGE & Co., Nos. 19 AND 21 CLIFF ST.,

New York, August 10, 1865.

MY DEAR MR. ROMERO: I have just called on Messrs. Howes & Macy, a most respectable house, advertised in the prospectus of the company as their

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bankers. They know nothing whatever of the company, have never seen any of its officers, or had a penny of their money in bank.

Mr. Sackett, the only other name known, I have sent repeatedly to, to-day. He is out, and his partners know nothing of the company. I hope to have a full report to-morrow from another source, and will write you at once. I hope to have the pleasure of seeing you at Riverdale on Saturday.

Very truly, yours,

W. E. DODGE, JR.

Señor M. ROMERO, &c., &c., &c.

WASHINGTON, April 20, 1867.

A true copy :

IGNO. MARISCAL, Secretary.

No. 12.

NEW YORK, August 12, 1865.

MY DEAR SIR: In reply to your inquiries with reference to the character and responsibility of an organization whose prospectus you hand me, and which styles itself "The United States, European, and West Virginia Land and Mining Company," I hasten to state, that I can find no parties, even among those dealing in West Virginia lands, who know anything about such a company. Its name is not in the directory, nor is that of Mr. Woodhouse. The organization appears to be entirely unknown, which would not be likely to be the case if it had any means at its disposal, and still less if it was possessed of funds to any large amount. On Monday I will go to the parties whose names appear as bankers and counsellors, and make personal inquiries, and advise you further; meanwhile, from the character of the prospectus itself, I should advise you to be cautious in any dealings with any of the parties, and still more so if such dealings are placed under the name of the company. I doubt if it has any responsibility whatever. The statements in the prospectus are such as to create suspicion in the mind of any one familiar with the way companies are got up. In the first place there is nothing to show that a dollar of money has ever been paid into the treasury of the company. A company is very easily formed, and can issue any amount of what is called "capital stock." Any three or more persons can at any time, under the general law of this State, by signing a certificate, in which they formally set forth their intentions, constitute themselves into a company, and they can then issue certificates of stock. This stock may be based, as that of this organization appears to have been, upon wild lands in West Virginia which can be purchased by the company in exchange for its stock, at any price they may choose to nominally place upon them. In this way stock can be issued for twenty millions or for one hundred millions without the necessity of a dollar of actual money having been paid into the treasury of the company. The stock so issued is called full paid, and therefore, by the use of that term, as in this prospectus, it does not follow that any money has been paid in. Nor does it matter how much of this stock so created they call "reserved stock," or set apart for "working capital." The whole of it is not worth a dollar until value has been given to it, and if the whole ten millions, stated in the prospectus to be reserved to be invested in government bonds, were sold it might not bring \$5,000. None of it can be invested in government bonds until it is sold. Nor can any of the three millions "working capital" be available until it has been sold to somebody who will pay money for it. This may be a very difficult thing to do, and depends upon how perfect their title is to the lands they claim to hold, and whether those lands are really valuable; besides this, there must be a disposition to invest

in such speculations, which does not always exist. I doubt very much if to-day a purchaser could be found for the whole twenty millions of so-called capital for one-half of a cent on the dollar. The enterprise may be very worthy, but the statements put look very suspicious.

These are the inferences I draw from the prospectus above, and particularly its concluding statements, reaching \$43,000,000, which bear evidence of something worse than looseness.

From the character of the prospectus I would therefore advise you to exercise great caution in dealing with any of the parties connected with the organization.

In haste, most truly yours,

Señor M. ROMERO, &c., &c., &c.

WASHINGTON, April 20, 1867.

A true copy :

IGNO. MARISCAL, Secretary.

No. 13.

NEW YORK, August 14, 1865.

Confidential.]

MY DEAR SIR: I have pursued to-day my inquiries with reference to the so-called United States, European, and West Virginia Land and Mining Company. The result is as follows:

I first looked for Mr. John H. Corning, who appears in the prospectus as the president. His place of business is there stated to be at 43 Exchange Place, and his name so appears in the directory; but on looking there I find no such name, nor any sign or other indication of any office occupied by such an individual, nor can I learn anything of him there.

I then proceeded to the office of Joel B. Burnett, who appears as treasurer of the company. His place of business is at 62 Broad street, and I found him in and willing to give me any information in his power. What he states is important, and fully confirms my fears with reference to the business. He says Daniel Woodhouse came to him at the time of the petroleum excitement last spring, and stated to him he was about forming a company, and showed him a list of persons who were to act as directors or trustees, and asked him if he would act as treasurer. As some of the names were known to him, and as he supposed, without knowing any of the details, that the enterprise was a *bona fide* one, he consented to allow his name to be used. The list of trustees, however, when the prospectus came out, proved to be different from that which was shown to him, and he objected to serving, and had supposed his name no longer appeared as connected with the affair.

He says that no money whatever was ever paid into the concern; that they had not even money enough to pay for the printing of their stock certificates, and that, as he had reason to know, Woodhouse has no means, (for a man came lately to inquire about his board bill, for which Woodhouse had promised him stock in his company, which the boarding-house keeper said he would not take as a gift,) but is entirely unreliable. "In fact," said Mr. Burnett, "if he came to me to sell me a horse that I knew to be sound, I should be suspicious of it just because he was offered to me by Woodhouse." He said the company matter ran along, and he had heard nothing more of it for some time, until a few weeks ago Woodhouse came in and showed him some papers, which, on reading over, he found to be a contract with the States of Tamaulipas and Nuevo Leon, by which Woodhouse was to receive large grants of land there; that the Mexican government was to take fifty millions of the stock of his com-