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THE following Despatch has been received from Her Majesty's Minister at Lisbon, dated the 18th of August, 1863.

MY LORD, August 18, 1863.

I HAVE the honour to acknowledge the receipt, by private ship, on the 7th instant, of your Lordship's despatch of the 29th ultimo, enclosing an extract from the City article of the "Times" regarding Mr. Lindsay's claims against the Portuguese Government; and, in obedience to your instructions, I proceed to report on the several statements contained in this letter.

It is correct, as stated in the letter signed "A Portuguese," that the Government of this country did not invite English capitalists to take part in the projected "União Mercantil," by the guarantee of 7 per cent. interest; the company was formed without any guarantee, though the Government, at a subsequent period, as stated, guaranteed 6, and afterwards 7 per cent. on the whole capital. The Government did, however, invite, and in a very pressing manner, Mr. Lindsay to take part in the enterprise, as can be clearly established by letters which I have seen addressed to him by Mr. Carlos Bento, then Minister of Public Works. In fact, without Mr. Lindsay's participation as an owner of steam ships, it is doubtful, and I believe the Minister said so in his letters, whether the company could have been formed when it was.

That gentleman sold to the company three steamers, namely, first the "Lindsay," now "D. Estephania," and subsequently, the "Clarendon," now "Africa," and the "Ireland," now "D. Pedro," the price of the former was £19,000 and for the two others respectively £30,000

	£74,000
and he was paid for the "Lindsay"	
in cash	£9,500
and for the two others	£11,400
together	£20,900
and took shares for the first to the amount of	£9,500
and for the two last	£27,500
	£37,000

with debentures for the latter to the amount of £16,100, making the total of £74,000. This varies from the statement in the letter that the

"total consideration amounted to £77,691 9s. 2d.;" and I have been informed by one of the Directors that the company "knew nothing of this sum, or to what it refers."

With regard to the statement that "his vessels proved to be entirely unfit for the service, and far below the standard agreed upon in the purchase," I must observe that the Company, before purchasing, had them examined in England by competent Surveyors of their own selection, who declared they fulfilled the stipulated conditions; and I have seen a regular receipt respecting the two latter steamers which he had sold; about the first there is no dispute, signed by all the Directors to that effect, which Mr. Lindsay produced in my presence to Mr. Medlicott (one of that body), who did not, and could not, deny his own signature.

I must further observe that these three vessels had, as I am informed by a Director of the Company, performed six voyages each to Loanda, before Mr. Lindsay, brought his action against the Company, against which the latter made a claim of 28,442,572 reis, about £6,300, for repairs.

It is of course impossible for me to say whether the steamers in question were, or were not, in an effective and serviceable state; both parties in the suit maintain their own opinion, but there is the patent fact that the Company, after due examination of the vessels in question before purchase, declared the contrary of what they now maintain. Mr. Lindsay has, moreover, frequently declared to the company, and also to the Duke de Loulé, the Minister of Public Works, in my presence, that notwithstanding the discharge in full which he had, if it could be shewn that there were repairs which he was bound in equity, though not legally, to make, that, as a man of honour, and as a British Merchant, he was willing to make them. In short, as far as I am aware, nothing could be fairer or more straightforward than that gentleman's conduct; and far from wishing to break up the company, he has always declared his willingness to leave his money in it, if reformed and carried on on sound commercial principles, believing that, if that were effected, the enterprise would prove remunerative.

It is not for me to enter into the merits of the decisions of the Portuguese Courts of Law, in this case, widely as they differ from the ordinarily received ideas of justice in our own country.

It is perfectly true, as the letter states, that the Government has never repudiated the guaranteed interest, though, I believe, the payment of it is in