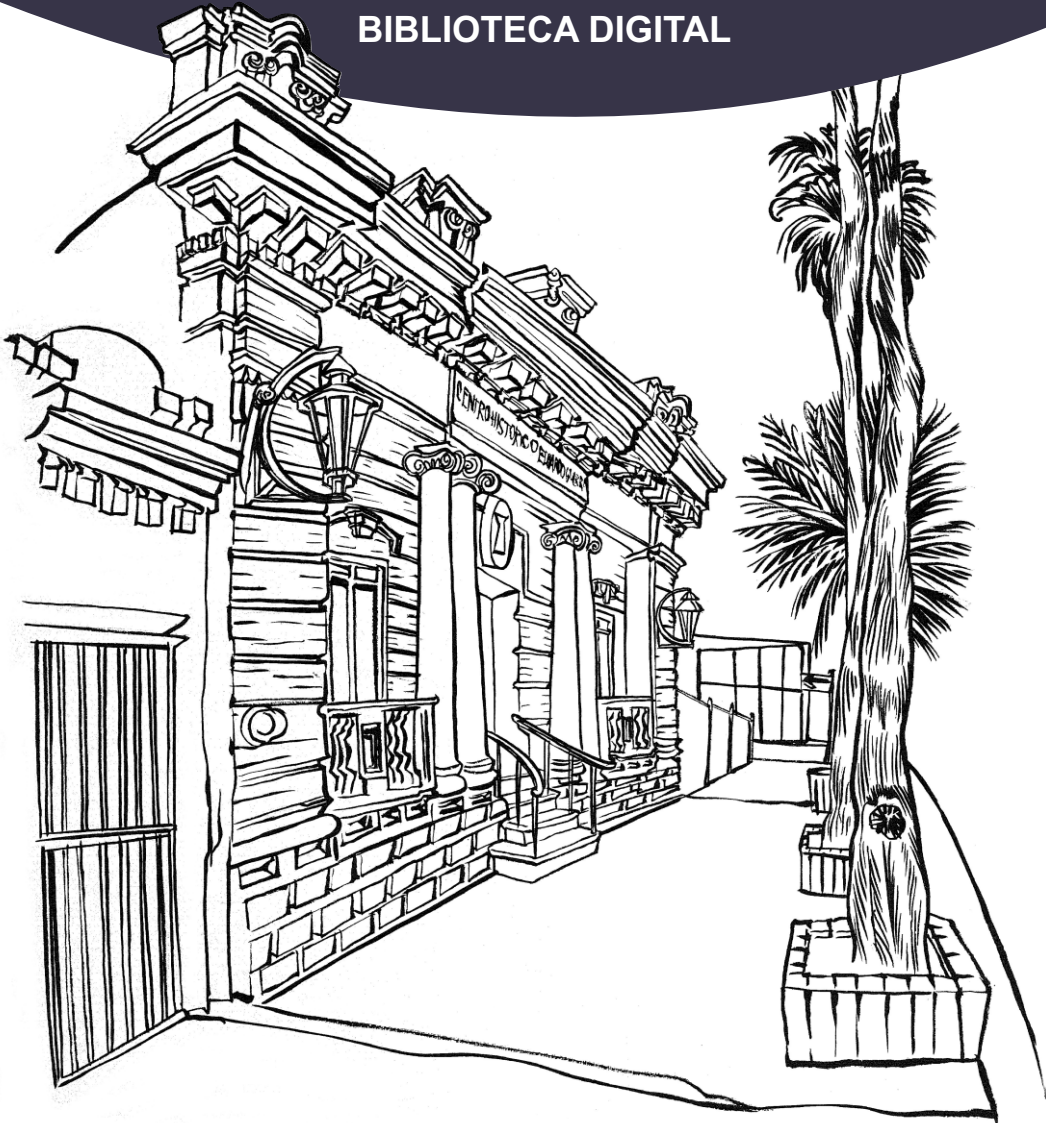




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THE
Compania Agricola Industrial y Colonizadora
del Tlahualilo, Limitada.

(SOCIEDAD ANONIMA.)

(MEXICAN COTTON ESTATES OF TLAHUALILO.)

Report of Proceedings

AT A

**MEETING of the DEBENTURE HOLDERS
of the Company,**

HELD AT

THE OFFICES of the LONDON AGENTS of the Company,
18, St. Helen's Place, London, E.C.,

ON MONDAY, THE 28TH MARCH, 1900,

HENRY PARKMAN STURGIS, Esq., Presiding.

1900.

PRINTED BY
REYNOLDS BLOGG & COPE.
4, UNION COURT,
OLD BROAD STREET,
LONDON, E.C.

Present : Mr. H. P. Sturgis (In the Chair), one of the Trustees.

The Meeting was attended by gentlemen holding or representing Debentures to the amount of about £110,700.

The Chairman (Mr. H. P. Sturgis) : I will ask Mr. Paine to read the Notice convening this meeting.

The Solicitor : (Mr. W. W. Paine) read the Notice.

The Chairman : Gentlemen—I have first of all to apologise to you for the absence of Lord Welby. He wrote me a letter, which I only got this morning, stating that he had been suddenly attacked by illness on Saturday, and had since then been in bed ; and, notwithstanding his earnest desire to be here to-day, the doctor had absolutely forbidden him to leave the house, and so he is unable to preside to-day as he intended to have done. Therefore, I have to ask your indulgence in taking his place at very short notice. The object of this meeting is, in the first place, to put before you as briefly as possible what has occurred since we last met in November, and then, secondly, to ask your support to the action of the Trustees if you approve it after you have heard our story ; thirdly, we would ask you for your advice and any suggestions you may be able to give us which would help us in this very intricate matter ; and, fourthly, there is a resolution which has been put before you, and which we shall move and ask you to approve of if you see fit to do so. There are some notes which have been drawn up in consultation between Lord Welby and myself and Mr. Paine, which I will read to you now, and there are certain letters to be read ; and I think that will give you the history of the affairs of the Company to the present time. I may say at first that a great many of the letters and telegrams are not referred to here, but I think what is included in my remarks now gives the general gist of what is of importance.

At our meeting on the 13th November last I reminded you that, acting as your Trustees, we were anxious to call you into our councils, bearing in mind that we were simply and solely your representatives, and that our only object is to lay before you from time to time fully the information which we have obtained, and to carry out your wishes for the protection of your property. I reminded you of the limited powers which as Trustees we possess, and of the peculiar difficulties created by the fact that the property over which your security extends is situate in a foreign country several thousand miles away. At that meeting I gave you to the best of my ability a short statement of the then position of

the Company, based upon the information which we had received from our representatives and from the representatives of the Company in Mexico, and particularly alluded to the litigation which was then proceeding in regard to the sales of large portions of the then growing crop of cotton which had then been fraudulently made by Senor Llamedo to two gentlemen of the name of Signoret and Ortiz, the proceeds of such sales being misappropriated by Senor Llamedo to his own purposes. The amount of the claims in respect of such sales are in the case of Senor Signoret \$230,000 Mexican, and in the case of Senor Ortiz \$140,000 Mexican, making a total of \$370,000 Mexican, or approximately £37,000. In order that the matter may be fresh in your minds I think it will be well for me to read again a letter of the 18th October, 1899, from our representatives on the other side, which I read to the meeting in November. This letter was as follows:—

“Gentlemen,—We last wrote you on the 5th inst., since which time the litigation therein alluded to has assumed a menacing aspect. Enclosed are various telegrams, which have passed between the Company here and its counsel in Mexico. The summary of the information reduced to the simplest phrase is as follows: Two claims are brought forward, one by Signoret, \$210,000, the other by Ortiz, \$150,000, alleged to be due for advanced payments made to President Llamedo against the sale of the current crop. The Company assert that both of these claims are fraudulent, and the pretended sale was made by Llamedo in an endeavour to protect advances which he had previously received. In any event, whether made in good or bad faith, the Company assert that the claims are illegal. Signoret was the first to press his claim, and found a judge who, upon an *ex parte* statement, issued an embargo forbidding the Company to deal in any way with its own crop. Shortly after this procedure, Ortiz obtained a judge who likewise on an *ex parte* statement, ordered that the Company being under embargo in respect to its quick assets and being in debt at the same time for mortgage obligations, was therefore bankrupt, and he issued an order appointing a depositario or receiver for all the Company's property. Thus at the moment the Company's property has been taken away from it without any opportunity to inquire whether the claims are legal or otherwise,

and without any opportunity for the bondholders, who presumably have a paramount claim, to be represented at all. The judge had proceeded to execution before hearing any evidence to establish the legality of the claim. This is the situation as depicted by the Company's officers. If it is correct, it seems to us it should excite alarm amongst every foreign holder of property in Mexico, since it demonstrates that in that State the law is a farce and justice a mockery. The Company are advised by their counsel to obtain a stay of proceedings, by giving a bond for \$250,000 to cover any judgment. This course, they think, is impossible and undesirable. The price of cotton has advanced to 18½ cents, and the value of the three millions pounds which they estimate they have on hand would be more than \$550,000, showing the Company amply able to pay its debts even if they were established. They have protested against the sequestration of their property, and will struggle to secure possession once more. We have endeavoured to secure representation before the Court on behalf of the debenture-holders, and to this end have sought to get in communication with Martinez del Rio, as instructed by you, but after repeated telegraphing, learn that he is absent from Mexico. We shall probably instruct Mr. Mendez there to appear on our behalf temporarily. Mr. Mackie, the President of the Company, who has been in this City, leaves at once for Mexico, and Mr. Potter will follow immediately. It is clear that a complicated legal struggle cannot be directed from this distance. As soon as we get direct information from our own counsel regarding the situation we shall advise you further confirming the situation as above outlined or otherwise, as the event may prove. It seems almost incredible that such a travesty of justice should be possible, as outlined in our despatches, under a Government which is inviting the world to witness its progress in all the processes of civilisation. (P.S.) Since writing the above, the Company's counsel, Mr. Mendez, advises that he will personally give the Stay of Proceedings bond, if Mr. Mackie and the Company will guarantee him—he (Mr. Mendez) does not see any risk in the matter. We have advised Mr. Mackie to accept Mr. Mendez's offer on behalf of the Company, if he, as counsel, advises such procedure."

I further communicated to that meeting that on the

Saturday previous we had received a telegram, which read as follows:—"Company telegraphs complete triumph in Supreme Court suspension of proceedings we interpret means reversal bankruptcy decree discharge receiver indicates Government feeling pressure Company still under embargo would suggest meeting avoid public scandal but organize exert all pressure possible hereafter in case of need secure water rights Mr. Potter in Washington leaves to-day for Mexico."

The litigation with Don Signoret and Don Ortiz had necessarily a most important bearing upon the position of the Company, inasmuch as it affected the greater portion of the proceeds of the cotton crop, amounting to about \$450,000, upon which, in view of the heavy defalcations of the late President, the Company had mainly to rely for the provision of its current expenditure. In reliance upon the cable which I have read I proceeded to point out to the meeting the serious delays and heavy responsibilities and expenses incident to receiverships, and especially to foreign receiverships, and indicated that as long as through the machinery of the Voting Trust we were enabled to control the policy of the Company, and to get our wishes carried out, we considered our safest policy was to maintain the Company in the position of virtual Receivers on our behalf, and, as it were, a buffer between us and the claims of third parties, especially those of Signoret and Ortiz above referred to. We still hoped at that time that the carrying out of the leasing scheme, which had been sanctioned on the previous occasion, might be found practicable, and that the debenture-holders might thereby be relieved to a great extent of the risks and dangers incident to the carrying on of so large an undertaking as that of the Tlahualilo Company. At the same time I was careful to warn you that the necessity for enforcing the security, or for the appointment of a Receiver, might arise, and that I was merely stating what was our general policy should the conditions remain as they then were. That policy met with your full approval. Shortly after that meeting our colleague, Mr. James Brown Potter, proceeded to Mexico for the purpose of examining the whole situation on the spot, and he spent about three months in carrying out his investigations. Having completed his work there, he returned to New York to consult with Mr. Greenough, who held jointly with himself the power of attorney of the Trustees as

their representatives on the other side. The result of Mr. Potter's investigation appears to have been to shew that the telegram announcing the complete triumph of the Company in the Supreme Court, and the suspension of the bankruptcy proceedings, was couched in over sanguine terms. The situation as disclosed by the various documents which have been transmitted to us appears to have been as follows : Ortiz had obtained from the Judge of first instance an order appointing a gentleman of the name of Gavito as Depositario, or Receiver, of the Company's property. The effect of this appointment was apparently to place the Receiver in administrative control of the whole of the Company's undertaking, entitling him to the custody of all the books, documents and papers belonging to the Company, and constituting him the judicial representative of the Company for the purpose of proceedings in the Court. On appeal by the Company to the Supreme Court, the decision was modified in so far as to restore the Company to administrative control of its property and business, but the Receiver was left as its judicial representative. In that capacity, it would appear from the advices that he is in a position to assent to judgment being entered against the Company in respect of any claims brought against it by third parties, a position which, as you will realise, in a country like Mexico, was fraught with serious danger to the interests, not only of the Company, but also of the Debenture Holders. Mr. Potter and Mr. Greenough, acting on our behalf, came to the conclusion that the situation was one in which they required the assistance of expert legal advice upon the spot upon which they could thoroughly rely. Owing to the position occupied by the Company in Mexico, and to the local jealousies and intrigues to which it has apparently given rise, they appear to have considered—and in this we think they acted wisely—that this legal assistance should be obtained from a source outside the Republic, which could be relied upon as absolutely independent. They accordingly decided to retain the services of Mr. S. Mallet-Prevost, a lawyer in New York, who is in partnership with Mr. Carlyle and Mr. Curtis, the late Secretary and Assistant-Secretary of the Treasury of the United States, and is related to one of the Ministers in Mexico. Mr. Prevost, before coming to New York, had a law practice in Mexico, and his special knowledge of Mexican law, coupled with the good position which he occupied in New York, rendered him peculiarly suitable to act as the legal representative of the Trustees in protecting their interests

in Mexico. It was decided that Mr. James Brown Potter and Mr. Mallet-Prevost should at once proceed to Mexico for that purpose. It was obviously necessary that we should find the means of defraying the expenses incident to Mr. Prevost's retainer, and to his visit to Mexico on your behalf; and in sanctioning his employment, therefore, which we felt was the wisest step that we could adopt, we have undertaken to make provision for such expenses out of the unexpended balance of sinking fund monies, which fortunately we have in hand, and which we are treating as applicable to those and other necessary expenses which we have to incur on your behalf. After consultation with Mr. Mallet-Prevost, our representatives came to the conclusion that a reversal of our previous policy of leaving the Company in possession of its property, and as the proper party to settle the complicated legal questions which had arisen with Signoret and Ortiz was advisable, and that the Trustees might after all have to take possession of the property. We felt the great responsibility which is involved in this reversal of a policy which we had hitherto deliberately adopted with the concurrence of our representatives on the spot, and which met with your general approval at the meeting in November last. On the other hand, we also felt that Mr. Potter's personal visit to Mexico must have enabled him to acquire far more accurate and detailed knowledge of the position of affairs there than we possessed, and that if after consultation with Mr. Greenough and Mr. Prevost, and laying the whole of the facts before them, they came to the conclusion that this change of policy was necessary, it would have been in the highest degree unwise on our part to take the greater responsibility of differing from them. Accordingly, after calling into our councils some of the larger debenture-holders, we sanctioned the line of action which our representatives propose to take. Having brought the situation thus far to your knowledge, I think the best plan will be for me to read to you the letters which we have received from our representatives announcing this change of policy, together with our replies, and also to read to you the further cables which we have received from Mr. Potter and Mr. Mallet-Prevost since their arrival in Mexico City, which will place you in possession of the present position of the matter as fully as it is known to us. Mr. Paine will kindly read these letters.

The Solicitor then read a letter from the representatives

of the Trustees in New York to the Trustees in England, of the 12th February, 1900, and proceeded:—"That represents the state of affairs up to the time when Mr. Potter, accompanied by Mr. Mallet-Prevost, went back to Mexico to carry out the new policy which you have heard detailed in the letters. Since Messrs. Potter and Prevost have arrived in Mexico, we have received these cables reporting their views upon the situation after they had further examined it on the spot. The first I am going to read to you deals with things which have been read to you at some length. Mr. Mallet-Prevost seems to have thought that we desired to have his opinion generally on the property, and he therefore went back to matters of which you have already heard in detail. "Please advise trustees present state of affairs Signoret suit \$230,000 commenced by attachment now covering entire funds company which will probably be about \$450,000 Ortiz suit \$140,000 commenced by attachment company unable name assets which have no lien whatever Court decreed bankruptcy appointing Receiver Federal Supreme Court gave temporary injunction against decree and re-instated Company provisional management but left Receiver representing it judicially evidence being taken injunction proceeding all other procedure suspended if failure sustained foreclosure best remedy to avoid hostile Receiver if injunction sustained foreclosure should be avoided only provided we have the management satisfactory negotiating for it through the voting trust." In other words, I think that the first part of the cable means that, if we are successful—that is, if the Company is successful—in sustaining the injunction provisionally granted by the Court of Appeal, Mr. Mallet-Prevost, after examining into the situation, hopes that foreclosure may still be avoided. On the other hand, if Ortiz' suit for the appointment of a Receiver is maintained, and cannot be got rid of, then he thinks the foreclosure is the only remedy for the debenture-holders. "Insufficient obtain authority bondholders temporary loan prosecute work amount if it is possible discretion Trustees otherwise higher limits £10,000 in case of necessity foreclosure Trustees' Power of Attorney to Jaspotter Greenough 11th day of August insufficient Power of Attorney will be required supplementary. . . ." Then are set out in Spanish the heads of the special clauses in the Power of Attorney dealing entirely with technical matters, which I do not propose to read. "Obtain request mentioned Clause 2 trust deed executed before notary who should certify bond-

holders appearance presenting bond also ownership obtain a large number of bondholders Consul certifying notary Jaspotter Mallet-Prevost." That was simply to get what the Chairman has already alluded to—the deposit of as many bonds as possible with the Trustees in order to strengthen their hands and put them in a position, not only as your representatives, but as actual holders of the debentures, to act for your best interests. Then there is a further cable on the 17th March, in reply to one from us, in which we suggested, and in which we asked whether the Power of Attorney, which they had asked us to send out, should be delayed pending our getting the deposit of these bonds, which would take some little time, so that power might be given by the Trustees as holders of the bonds here. To that they have replied: "You had better split the power in two and send the one required immediately and await the deposit of the bonds before sending a further power." That is the effect of that cable. Then there is a cable of the 19th March, which is not at all clear in some points:—"Have obtained shares of all Chasnac nominal consideration and have given option on repurchase on careioda working secure other shares every prospect of complete control if successful and if we can stop bankruptcy proceedings do not advise to foreclose for the present to enable Company collect if possible all assets this includes Glyn-Mills bonds or actual value will probably (be able to) stop bankruptcy proceedings 200,000 dollars in the Court of to await final decision (as to) Ortiz suit this we recommend (you to) financing Company for the current year we think it will be safe to estimate 300,000 dollars maximum additional requirements we recommend (you to) bondholders authorise prior mortgage £50,000. Potter. Mallet-Prevost." It is cleared up a good deal, however, by a telegram which has been received this morning:—"Have obtained 666 shares of Mackie"—the President of the Company, who succeeded Senor Llamedo—"for nominal consideration Llamedo's 600 shares originally in voting trust and have already received same these with Potter's 338 give control (of) have made the following purchases nominal consideration Llamedo's equity 800 shares pledged to bank also in 50 pledged elsewhere but our power vote these 850 is considered doubtful present board will resign and trustees nominees be elected by laws give majority control with the exception of article 39 possibly will not be able to obtain two-thirds vote required to mortgage if authority mortgage cannot be obtained just at

present other ways advance can be secured first if deposit is made sufficient bonds as collateral second pledging next crop for which a majority of the votes sufficient but even if mortgage ultimately can be obtained delay will be about 2 months we require an advance of money now would advise provisional loan secured by both bonds and next crop can be replaced later by mortgage if it can be obtained will telegraph you to-morrow morning what can be done here regarding Glyn bonds either should be cancelled or we must recover if possible value from former directors who converted them for the use of Llamedo suit will be brought later are negotiating for the purchase of claim of Signoret are quite satisfied can make the purchase at about price \$100,000 claim of Ortiz cannot be settled now but are quite satisfied settlement can be made later or suit defeated to vacate bankruptcy and take proceedings to remove receiver propose the following deposit in Court \$200,000 against suit of Ortiz if we succeed we dispute the claim or endeavour to compromise claim meanwhile if we can buy suit of Signoret we can control bankruptcy probably forcing Ortiz settlement for this and other requirements want credit of £50,000 we advise this. Jaspotter. Mallet-Prevost." This cable, as you see, requires a very large increase on the previous cables. The explanation of the discrepancy is apparently this, That in this cable they now recommend a deposit in Court as security to abide the result of Ortiz' claim of a sum of \$200,000 (which is £20,000), and Signoret's claim of \$100,000 (£10,000), making £30,000 in all. But now they want £50,000, so that the requirements, apart from the deposit, have been increased apparently from £10,000 to £30,000. I may perhaps incidentally explain that the notice of this meeting was sent out after the receipt of the first cable of the 12th March, and wishing to be on the safe side, we increased the amount we originally intended to ask for, and requested authority to borrow £25,000. After the notices had gone out, we received the cable on the 17th March asking for authority to raise £50,000. The modification from £25,000 should it be your wish to vote the £50,000, is not I think one which is beyond some legal doubt. If we were to pass a resolution for £50,000, some absent debenture-holder, who agreed to £25,000 and did not attend this meeting, might possibly raise a question on the ground that it was not properly covered by the notice. This is not a case in which the Trustees should be advised to take any risk whatever. Then there is this further telegram received

last Thursday :—“ Believe negotiations now pending will result in placing bondholders excellent position both as regards control of property and pending litigation ; present outlook far better crop next year than this. Jaspotter. Mallet-Prevost.” I should explain, in regard to the cable received this morning, that I think it simply means this, that the representatives of the Trustees have now, on your behalf, become the owners of 1,600 out of 2,600 shares of the Company. That gives them entire control of the Company’s affairs. The Board, which, as you will remember, consisted of American gentlemen, who superseded the Spanish gentlemen previously on the Board, now again resign, and your nominees, or the Trustees’ nominees, are to be appointed in their places, so that the whole machinery of the Company will be directly and absolutely under our control. The difficult part of this telegram arises from the fact that apparently in one respect, namely, in order to mortgage the property a vote of two-thirds of the shareholders is required. 1,600 is not two-thirds of 2,600, and they are therefore doubtful whether they can obtain the authority necessary to raise £50,000 upon prior lien. That is of course new to us, as we had assumed that if you gave authority to the borrowing of money on prior lien, it would be practicable to carry it out in that way, and we have hardly yet had sufficient time to consider how that difficulty is to be met. They themselves suggest a deposit of bonds. That seems to me to lead to a great difficulty. Unless every debenture-holder deposits his bonds, the thing will work unequally. In the cable I have read, a little more information is contained in regard to Signoret’s claim. It is quite clear the \$200,000 is to be deposited in Court as security in Ortiz suit alone. Signoret’s claim for \$230,000, which is the larger one, it is said in this cable can be bought outright for \$100,000, so that you then have only Ortiz’ claim to deal with. That explains that cable.

The Chairman: Of course, that last cable which Mr. Paine has read is really a little out of order, because it only arrived this morning after this document, from which I am reading, was drawn up.

From these cables, and especially from those of the 19th and 22nd March, we infer that there has been some improvement in the local situation, and that our representatives have succeeded in obtaining through the purchase of shares for a nominal consideration, a much more effective control of the

Company than we previously possessed through the Voting Trust. The real difficulty of the position lies mainly in the fact that owing to the litigation with Signoret and Ortiz the \$450,000 proceeds of the last crop, which since the frauds of Senor Llamedo represents practically the whole of the available cash resources of the Company, are tied up, and the Company is for the time prevented from using those monies for its current requirements. The question, therefore, of the rights to these \$450,000 are obviously of very great importance. Let me, however, for the moment assume the worst event, namely, that Messrs. Signoret and Ortiz establish their claims against those funds in full. Signoret's claim amounts to \$230,000, and that of Ortiz to \$140,000, making a total of \$370,000. Against this we have the proceeds of the crop amounting in all to about \$450,000. If, therefore, the Company has to satisfy these claims in full, it will be left with a balance of \$80,000, and as we have no cognizance of any other claims being actively prosecuted against the Company, we assume that the Company would then remain in free and undisturbed possession of its property, so far as the claims of outside creditors are concerned, and that it would have to start to set its house in order with a balance of cash in its hands of only \$80,000 Mexican, or about £8,000. This amount is clearly insufficient to provide for the current requirements of the Company, because at this season of the year it is necessary that this year's crop should be sown, or a very large part of this year's revenue will be lost. Obviously, therefore, it is essential in the interests of the debenture-holders that money should be found to meet the necessary expenses for this purpose. We gather from the cables which I have read to you that the maximum sum required for this purpose will be \$300,000—£30,000. We also gather that by depositing a sum of \$200,000 in Court to abide the result of the proceedings with Signoret and Ortiz, the Company would be put in a position in which, pending the decision of the rights of the parties by the Mexican Courts, they would be enabled to assume the entire control and enjoyment of their property and legal rights in the City of Mexico. Our representatives, therefore, ask that we should obtain your authority to raise a sum of £50,000 for these purposes on prior lien. At the time when our notice was sent out we were acting upon the cable of the 12th March, and asked, therefore, for only £25,000. It is plain however from the cable of the 19th of March, that that amount will

not be sufficient, and we, therefore, ask you to increase it to £50,000. The expediency of raising this sum is a question primarily for you to decide, now that I have put you in possession of all the facts which are known to us as your representatives. But speaking for ourselves we hardly think there can be any question as to the wisdom of the course proposed, subject, of course, to this, that we must be assured that the monies so raised will be spent if not actually by the representatives of the Trustees, at least in such a manner that they will have full and effectual control over the expenditure. As to the terms upon which the money should be raised, I am not at present in a position to offer you any observations. I might say, however, that it is quite possible that the profits of the Company will be increased by the sale of certain bi-products, but we have heard nothing of those products—the books of the Company have not been practically in our possession. We cannot know upon what terms the money can be raised until we actually try to raise it, and we are therefore, obliged to ask for a somewhat wide authority in regard to the rate of interest, and the other terms and conditions upon which the loan is to be obtained. As to this point I should invite expressions of opinion from you, and particularly as to whether you would consider it preferable that the money should be found from an outside source, or from amongst the debenture-holders themselves. It can hardly be that the property of the Company, which in the past year has apparently produced a revenue of \$450,000, should not represent ample security for this amount, which, of course will rank as a first charge upon the property. I shall, therefore, presently formally move the resolution set out in the notice of the meeting, and shall suggest that one of the debenture-holders move an amendment to the effect that the maximum amount be increased from £25,000 to £50,000. We shall then be able to learn your views upon the matter. Before, however, proceeding to move the resolution, there is another matter to which I wish to refer. You will see that in their cable of the 12th March, our representatives in Mexico have asked us to obtain as large a number of bonds as possible, and it has since been suggested that the trustees should themselves forward a Power of Attorney to those gentlemen in Mexico, not merely in their capacity as trustees, but also as the holders of a large amount of the debentures. This, no doubt, would greatly strengthen the hands of our representatives in Mexico, and in order to carry this out, and so that the bulk of the debenture-holders may

be represented on the spot, we have decided to suggest to you that it may be desirable that as many debentures as possible should be deposited with the Trustees against trustees' certificates to be issued therefor. We should propose that such a deposit should be made with our bankers, the London and Westminster Bank. As regards the terms of the deposit, we wish to ascertain your views. It is not uncommon, as you are aware, to obtain a Stock Exchange quotation for certificates of deposit, which so long as the deposit continues, practically takes the place of the bonds themselves. It is not our idea to adopt this course in the present instance, but rather to provide that if any member having deposited his bonds desires to sell the same, he should be entitled to withdraw them from deposit for that purpose, so that really for the present, at all events, the deposit would be merely of a temporary character, and simply for the purpose of strengthening the hands of the trustees, and enabling them as the actual holders of the debentures, as well as in the capacity of trustees, to take such steps for the protection of the security as may seem desirable. It is very probable that as soon as the present litigation to which reference has been made is concluded, we may have occasion to take you into our councils, and to submit proposals to you for the future conduct of the undertaking. I do not know what your views may be, but I may say that my colleagues and myself would feel it rather as a relief from the somewhat heavy responsibilities of our position as your representatives if you thought it expedient to nominate two or three gentlemen of your number as a committee to confer with us from time to time as to the steps and proceedings to be taken in your interests. In order to formally raise the point in regard to the deposit of the trustees' certificates, I shall presently move "That in the opinion of this meeting it is desirable that the general body of debenture-holders should be asked to deposit their debentures with the trustees at the London and Westminster Bank against certificates to be issued in respect thereof by the Trustees, and that the Trustees be requested to take the necessary steps for carrying such deposit into effect." Before proceeding to that, however, I will move the resolution set out in the Notice, bearing in mind that, as I have already said, it has been found necessary, that the maximum amount should be increased from £25,000 to £50,000.

That, gentlemen, is the end of the remarks we have here,

and those are the two resolutions we propose to move. Before we do so, however, I should just like to say that in regard to our communications to the Foreign Office, we have done our very best there to use what influence we could, and we sent a very strong memorial to the Foreign Office. We received a reply, dated 24th March, to the effect that instructions to render assistance to the British interests concerned have been given. We are doing all we can, both diplomatically and financially as regards New York, and in all possible ways, to further the interests of the Company. I think we may safely feel that this question is thoroughly known now in the City of Mexico, and it will be rather difficult for any enemies of the Company to act as they otherwise might if it were being done in a hole and corner method. We have not only been able, as you will see, to get the official representatives of England and the United States of America, to take some action, but we have also been able to approach, unofficially, some of the members of the Mexican Government; and with Mr. Mallet-Prevost there, we feel very considerable confidence that now we shall get justice, and if we get that, we cannot say that we shall not eventually get into a very fair position. Everything has shewn us that this property of ours, if once we have control of it, and if it is honestly managed, is worth more than the amount of the debentures, and we know also that it is a very profitable Company. This last year, as you see, taking simply the Cotton crop, there is sufficient to pay the debenture interest and sinking fund, with a very fair margin, so that we feel, though it is mixed up with all sorts of litigation and troublesome matter, we have really got something behind us, we have really got a property which is worth something: but that property will not be a valuable thing unless it is kept under cultivation. If we cannot provide the money for sowing the new crop, and also for paying our labour, the result will be that the land will go back to almost prairie condition, and the labour will flow away from there, and we are advised it will be very difficult indeed to get it back, so that it is very important that some money should be provided in order to carry on the affairs of the Company. We believe we have now got an excellent manager on the Estate itself, in whom we have absolute confidence, who we know all about, and who was sent out by our representatives in New York. He is accustomed to Mexican matters, and as we can appoint a board of our own, it really looks now, as Mr. Potter and Mr. Prevost represent that we do know what is the exact position and

where we are ; and I think, if we can by some means provide this money to tide over this matter, it looks as if in a certain period we shall get things straight. We shall want a little patience. It is hardly necessary for me to say that we shall not get our April coupon, and what will happen to the October one is also a matter of doubt. Until we get this litigation settled, and get possession of our books, we do not know what the immediate position will be. I fully believe, and I think Lord Welby will agree with me, that ultimately we shall see our money back.

The Solicitor : Gentlemen—The form of the resolution is set out in the notice, and perhaps you will be good enough to take that as read. The amendment, which I think we should ask you to give leave to insert before the resolution is put, would come about half way down in the sentence beginning with the words—“Such sum or sums shall not.” I propose, after the words “Such sum or sums shall not,” to interpolate the following—“Without the sanction of a further Extraordinary Resolution of the debenture-holders at a meeting intended to be forthwith convened for the purpose of obtaining the same.” That is the amendment necessary to meet the point I raised a few minutes ago. It is a question whether it is in the power of this meeting to authorise the raising of £50,000, the notice having only mentioned £25,000, but we should like to have your views on this. If it is your view that the £50,000 should be raised we should then call another meeting, at which a few of the debenture-holders could attend, merely for the purpose of confirming the £50,000.

A Bondholder : What is the amount of bonds the trustees represent ?

The Chairman : The trustees represent the whole of the bonds, and as a matter of fact, they are nearly all held in England. With the exception of about £45,000 of bonds, which were not applied for in this country, but which were allotted to people in Mexico at the time.

Count de Torre Diaz : Is this £50,000 wanted entirely for the cultivation ?

The Chairman : I take it that £20,000 of it is wanted to be deposited in Court in connection with this Ortiz' proceedings. That will release the £45,000.

The Solicitor : I do not think it will release the £45,000.

The £45,000 is covered by the embargo of Signoret's, which is earlier than that of Ortiz. I think the whole claim amounted to £37,000 : they have got £45,000 to pay, and if we gave up this claim at once, we should get rid of that altogether. Our representatives, from their cable received to-day, consider we have a good case and, at all events, that we are likely to make a successful compromise. They suggest the purchase of Signoret's claim for \$100,000.

Count Diaz : The worst that can happen is, you have to pay £37,000. They have over £45,000—what do they want another £20,000 for?

The Chairman : The embargo of Signoret's nominally covers the whole. I may also say we gather the amount wanted for cultivation is about \$4,000 per week.

Count Diaz : I could understand it if they released the £45,000.

The Solicitor : The Mexican Courts are very technical, and Signoret has got the embargo over the whole of the Company's crop ; and notwithstanding the crop is more than sufficient to satisfy that, it may be, strictly speaking, that we cannot give any guarantee behind it.

Count Diaz : I understand there is £45,000, which is under an embargo as it were, and there is to be a further deposit of £20,000. It seems to me that money deposited in Mexico is rather a disagreeable thing, for you have got to get it out.

The Chairman : The present Receiver, Gavito, was actually counsel for Ortiz in the bankruptcy proceedings.

A Bondholder : What is the attitude assumed by the holders of the £45,000 of bonds?

The Chairman : An injunction was obtained by the Company to prevent Messrs. Glyns parting with these bonds, and then Messrs. Glyn's made an application to have the injunction quashed, and it was. They were relieved from the injunction on those bonds, and they can deal with them now as they see fit.

The Solicitor : This was done, not at the instance of Glyn, Mills, but at the instance of the National Bank, and the National Bank is a Mexican Company, as is also the Tlahualilo Company, and the Court ordered that the injunction was to

be dissolved unless the Tlahualilo Company could find a security in this country for a large sum of money. In the present state of the Company's affairs, it was of course practically impossible to find that security, and the injunction went by the Board.

The Chairman : I will move the resolution. Perhaps Mr. Paine would kindly read it.

The Solicitor : "That this meeting of the holders of the debentures of the *Compania Agricola Industrial y Colonizadora del Tlahualilo, Limitada, Sociedad Anonima*, secured by a trust deed, dated the 14th of November, 1896, and made between the Company of the one part, and Howard Potter, the Right Honourable Reginald Earle Baron Welby, of Allington, G.C.B., and Henry Parkman Sturgis, of the other part, hereby consents to the raising or borrowing by the Company, or the trustees of the said trust deed, of such sum or sums as may, in the opinion of the Trustees, be necessary for the purposes of carrying on the business hitherto carried on by the Company, or of protecting the debenture-holders' security. Such sum or sums shall not, without the sanction of a further Extraordinary Resolution of the debenture-holders, at a meeting intended to be forthwith convened for the purpose of obtaining the same, exceed in the aggregate £25,000, and may carry interest at a rate or rates not exceeding 8 per cent. per annum as the Trustees may fix, and may be secured by mortgage or charge upon the whole or any portion of the lands, buildings, crops, property, and undertaking of the Company, comprised in or mortgaged or charged by the said existing debentures, or the securities for the same, and any such mortgage or charge may, if the trustees so determine, rank or take effect in priority to the said existing debentures, and the existing securities for the same. This meeting hereby assents to any modifications of the said trust deed, which may be necessary to give effect to the foregoing provisions, and hereby authorises the Trustees of the said trust deed, to take and concur with the Company in taking such steps, and to execute and do all such deeds, documents, acts and things as may be necessary or expedient for the purpose of raising the said sum on the terms aforesaid."

Mr. A. H. Brown : I beg to second that.

The resolution was put to the meeting and carried unanimously.

The Chairman : In order to invite a discussion, I will move the next resolution :--“ That in the opinion of this meeting it is desirable that the general body of debenture-holders should be asked to deposit their debentures with the Trustees at the London and Westminster Bank against certificates to be issued in respect thereof by the Trustees, and that the Trustees be requested to take the necessary steps for carrying such deposit into effect.”

The Solicitor : We would particularly like to know if a deposit of debentures is decided upon, whether the debenture-holders would wish them to be the regular and permanent form of deposit, in which certificates would be accepted in exchange for the debentures and a quotation applied for for the certificates until the whole of the business of the Company had been reorganized and put on a proper footing, or whether it should take the form of a temporary deposit, where if a bondholder desired to sell his bonds he could withdraw them. We should like to know whether the deposit should be of a temporary nature, or should be a fixed and permanent deposit.

A Bondholder : How many debentures are there altogether ?

The Chairman : There are £350,000, of which about £45,000 are in the hands of the National Bank of Mexico. The Trustees are in favour really of the more modified course. It seems hardly necessary to have a more formal sort of security at present.

Mr. H. A. Vernet : I beg to second the resolution, and to express my own opinion that the bonds should be deposited under temporary terms, and certainly that no bondholder depositing his bonds should have a right to withdraw them.

The resolution was put to the meeting and carried unanimously.

The Chairman : There is one other point we mentioned, whether you would like to appoint two or three of your number as a sort of Committee, to confer with the Trustees. There are matters constantly turning up, and we shall be very glad indeed if we could have the assistance of some other gentlemen, especially for instance in regard to this deposit of bonds. There are many points connected with that on which it might be of great advantage to have somebody associated with us, connected with the Stock Exchange, who understood those matters thoroughly.

A Bondholder : I am afraid we bondholders do not know each other ; perhaps Mr. Sturgis or Mr. Paine could suggest a few names.

The Chairman : There are three names occur to us. I do not know whether they would meet with your approval. One would be Mr. Brown, of Brown, Shipley & Co. ; another is Mr. Vernet, of R. Benson & Co., and Mr. Laurence, of Laurence, Sons & Gardner. I am sure we could not have three gentlemen who would be of greater assistance to us if they are willing to come forward to help us. Mr. Brown, would you be willing ?

Mr. A. H. Brown : I have great confidence in the Trustees. If you would like me to do anything of course I would not say "no."

Mr. Vernet : If I can be of any use to you I shall be very glad.

Mr. S. Gardner : I shall be pleased to act.

The resolution appointing Messrs. A. H. Brown, M.P., H. A. Vernet and S. Gardner a committee to confer with the Trustees from time to time, was put to the meeting and carried unanimously.

A Bondholder : Did I understand Mr. Paine to say that if we assented to the depositing of bonds, and a certain body of the bondholders stood out, they would be in a more favourable position than we should

The Solicitor : That was only on the question of bonds. In this deposit of bonds you authorise the Trustees to borrow money upon them. In that case, those people would be gaining an advantage over the others. The difficulty is as to whether they can get the necessary votes.

The Chairman : If we foreclose, and are in possession, we could then of course have this prior lien charge without any necessity to refer to the debenture-holders. If the shareholders can get a two-thirds majority, they are all right : even our voting power would be of no use, and therefore the Company would have to raise money in some other way. They can raise a certain amount on the next crop, but it would not be much. There is one little thing that struck us this morning, that is, the sinking fund bonds. We purchased a little over £20,000. Those bonds are not absolutely

drawn at present, but they are purchased by the Trustees, and registered in the names of the Trustees. Those bonds might possibly be used as a deposit for borrowing a certain sum of money. We might get £12,000 or £13,000 on them. That of course would not affect any of the bonds, so that really they might be able to raise the money if it were necessary. If another meeting is summoned, you will know it is simply to carry out the policy we have agreed to in general terms. It is impossible to avoid summoning you pretty frequently to meetings.

That is all our business to-day ; thank you very much for attending.

The proceedings then terminated.