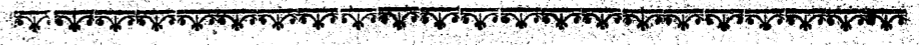


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A  
 L E T T E R  
 TO THE  
 P A R T N E R S  
 OF  
 DOUGLAS, HERON, AND CO.  
 FROM  
 A FELLOW PARTNER.



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A LETTER, &c.

January 5. 1778.

W HATEVER may have been our motives for engaging in this unfortunate undertaking, and however different our opinions may have been as to the mode of conducting it while the Company subsisted, we cannot now entertain a doubt, that every intelligent partner, whose judgment or inclination is not biaffed by the particular circumstances of his situation, must be desirous to have the affairs of the Company winded up, that he may know the ultimate extent of his loss, and be relieved from that anxiety which the uncertainty of it must occasion. It is, therefore, to be hoped, that, at the ensuing general meeting, the partners will coolly and deliberately consider the situation of their affairs; and, if they shall find the debts still due to them so great, and the circumstances of many of their debtors such, as to make it impracticable to bring the whole to a conclusion in a short time, that they will next endeavour to form some plan to secure the final winding up

up their affairs at a fixed period, and with as little further loss as their circumstances will allow.

After considering the report of the Committee of Inquiry, and the state of our affairs made up by the cashiers and accomptants, to the 31st March last, which have been for some time lodged at the Company's office, and which I have read with all possible attention, it was matter of just regret to find, that, after the elapse of four years, and a loss already incurred of L. 700 upon each share of stock, it is, at this moment, almost impossible to conjecture when our affairs will end, or what further loss we may be subjected to. This only is certain, that it must be much more than we have already suffered, unless the solvent partners shall, from this time forward, conduct themselves with that prudence, steadiness, and unanimity, which the importance of the object, and their own immediate interest require.

Without examining into the management of our directors previous to August 1773, which has been fully investigated by the committee of inquiry, or into the conduct of our managers since that period, or of those partners, who, from mistaken views of their own interest, have rashly involved themselves and the company in numerous and expensive law suits, I take the liberty, as one of your number, of submitting to your consideration what has occurred to me upon the present situation of your affairs, and the plan to be adopted for bringing them to the best and speediest issue they will now admit of.

Before judging of any plan that can be formed for this purpose, it is necessary to attend to the following particulars.

1st,

1st, The nature, extent, and terms of payment of the debts due by the Company.

2d, The consequences to be apprehended from any failure in the payment of them, when due.

3d, The nature and extent of the debts due to the Company, divided into the following classes, viz.

1st, Heritable debts.

2d, Debts, no part of which can be recovered for a considerable time.

3d, Personal debts, supposed good.

4th, Personal debts, supposed bad or doubtful, and a value put upon them.

5th, Sum which ought still to be raised by the last call and contribution.

Being masters of these particulars, we will be able to form some judgment whether the funds of the Company can be brought to answer the demands upon them, and how far, to what extent, and at what periods of time it is the interest of the partners to make good the deficiency.

The following are the debts which appear from the state of our affairs, signed by the cashiers and accountants, to be due by the Company at the 31st March last, viz.

1. To the holders of transferable bonds	L. 510,000 0 0
2. To the trustees in England	80,000 0 0
3. To fundry creditors in Scotland	84,805 15 4
Amount of debts due by the Company	L. 674,805 15 4

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The transferable bonds are payable at different periods; the other debts are presently demandable, though we shall hope that some indulgence may be obtained upon paying them separately by instalments. It would, no doubt, be much for the ease and interest of the company to pay off all their debts immediately demandable; but as that cannot be accomplished, we shall suppose they are to be paid off by instalments as above mentioned, so that the whole may be discharged prior to the last term of payment of the transferable bonds, viz. Midsummer 1782. This is the most favourable mode of payment that the Company can expect from their creditors, and, in that view, they will have to pay the following sums betwixt and the following terms, viz.

To pay betwixt March 1777, and Midsummer 1778.

1 <sup>st</sup> , To the trustees in London,	L. 20000	0	0
2 <sup>d</sup> , To sundry creditors in Scotland,	22054	11	1
3 <sup>d</sup> , First payment of transferable bonds,	105000	0	0
	In all	L. 147054	11 1

To pay betwixt Midsummer 1778 and midsummer 1779.

1 <sup>st</sup> , To the trustees in London	L. 40000	0	0
2 <sup>d</sup> , To sundry creditors in Scotland,	16150	18	8
3 <sup>d</sup> , Second payment of transferable bonds,	105000	0	0
	In all	L. 161150	18 8

Carried over. L. 308205 9 9

Brought forward.	L. 308205	9	9
To be paid betwixt Midsummer 1779 and Midsummer 1780.			
1 <sup>st</sup> , To the trustees in London in full,	L. 20000	0	0
2 <sup>d</sup> , To sundry creditors in Scotland,	16000	0	0
3 <sup>d</sup> , Third payment of transferable bonds,	135000	0	0
	In all	L. 171000	0 0
To be paid betwixt mid-summer 1780 and Midsummer 1781.			
To sundry creditors in Scotland in full,	30600	5	7
To be paid betwixt mid-summer 1781 and mid-summer 1782.			
To the fourth and last payment of the transferable bonds,	165000	0	0
Amount of debts to be paid by the Company,	L. 674805	15	4

The growing interest of the above debts is not brought into the account, as we are to suppose the interest upon the debts due to the Company sufficient to answer it, or nearly so; or that we will immediately contribute to make up the deficiency. And I must here request of my fellow partners to consider with attention, if we can, with propriety, ask, or, if it is possible for us to expect more favourable terms of payment than those which have been mentioned. They will also consider what would be the consequence of their failing in the payment of the

of the transferable bonds; at the terms stipulated by the act of parliament. The distress which it would bring upon the partners, who might be personally attacked, is but a part of the mischief. The expences and penalties thereby incurred, all of which must ultimately fall upon the Company, would be enormous. The estates, both of debtors and partners, whose securities are lodged with the trustees, would be harrassed with legal diligence. Such of them as are at present, with difficulty, able to pay their proportion of loss, would be totally ruined, the credit of the Company irrecoverably lost, and their whole creditors brought upon them at once. Some individuals among us, already desperate in their circumstances, may look upon this prospect with indifference (I will not suppose any of them can do so, with a malevolent satisfaction at being accompanied in their ruin). Others may flatter themselves with the hopes of escaping the immediate effects of the storm; but every man of the least judgment or reflection, will be sensible, that, while he has a shilling left, he cannot avoid the payment of his full proportion of loss which would be thereby occasioned, and will of course promote every measure to make that loss as little as possible.

The next thing to be considered is the nature and extent of the debts due to the Company. These consist of

1 <sup>st</sup> , Debts due by heritable bond . . . . .	L. 304556	9	3
2 <sup>d</sup> , Debts, no part of which can be recovered for a considerable time . . . . .	59844	6	10
3 <sup>d</sup> , Personal debts supposed good, including balance of interest accompt, and cash on hand 31 <sup>st</sup> March . . . . .	180089	19	8
Carried over	L. 544490	15	9

Brought over	L. 544490	15	9
4 <sup>th</sup> , Personal debts supposed bad or doubtful, L. 101603 : 10 : 8, valued at . . . . .	31632	9	1
5 <sup>th</sup> , Call and contribution of L. 300 unpaid on 31 <sup>st</sup> March last, L. 86808 : 4 : 6, supposed good for . . . . .	69352	4	6
Amount of debts due to the Company	L. 645475	9	4
Balance still to be provided for, according to the state of the cashiers and accomptants . . . . .	29330	6	0
	L. 674805	15	4

This balance seems to arise from the cashiers and accomptants having made a larger allowance for bad debts, than was done in the state exhibited to the General Meeting in July 1776.

From the foregoing view of the debts due to the Company, it will be observed, that, tho' the contribution of L. 300 upon each share ordered by the last General Meeting in July 1776 was fully paid by the solvent partners of the Company, there will remain L. 29000 unprovided for, besides the expence of management. In this situation, I cannot allow myself to suppose that any of your number can seriously entertain a doubt of their being ultimately obliged to pay even a larger sum than the L. 300 now called for. Those who have only looked at the sum total of the debts due to the Company, may very naturally imagine that the call is premature, and that there can be no difficulty of collecting money for the next Midsummer payment out of so large a capital as L. 600,000. But, when



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when they examine into the particulars of the debts, when they see near L. 400,000 locked up by heritable securities, and other-ways, and the remaining sum due by debtors whose funds are dispersed, or whose circumstances are doubtful, they would at once be convinced of the impossibility of raising from them L. 150,000 in the course of a year. They will be convinced, that the call of L. 300 upon a share was useful and *necessary* for the Company, and consequently advantageous to the individual partners by whom it was to be paid; and, that the solvent partners who have hitherto objected to it, have done so from a misapprehension of the fact; which being explained, it is to be hoped will put an end to all further litigation on that subject, and induce them to give a ready compliance to the order of the meeting, as the only means of enabling the Company to make their payments at Midsummer next.

It was formerly observed, that, if you found it impracticable to bring your affairs to an immediate conclusion, which, I presume, all of us are now satisfied is the case, your next endeavour should be to fix upon some period, when they should be finally wound up, and that this ought to be one of the chief objects of your attention at the ensuing meeting. Upon those partners, if there are any such, who think it their interest to keep you in a state of uncertainty and confusion, arguments in support of a self-evident proposition as this is, will have no effect. To others, they will be unnecessary. I shall, therefore, use none; but suggest, for your consideration, what has occurred to me, as the best and most practicable plan for this purpose.

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It has been noticed, that the last of the transferable bonds are payable at Midsummer 1782. This seems to point out that term as the proper period for bringing your affairs to a conclusion. It could not well be accomplished sooner, even though our partners and debtors were less numerous, and their circumstances more opulent. The money still to be collected is a great proportion (probably more than one half) of the whole circulation of Scotland; and how difficult it must be to draw into one channel so much of the circulating money of a trading and manufacturing country, in the short space of four years, will be easily conceived by those who are the least versant in subjects of that kind.

Having thus fixed the period, the next thing to be done, is to instruct the committee for managing your affairs, to set apart a solid and unquestionable fund, to answer the payments you have to make at that term, and which they are to be expressly prohibited to encroach upon, under the penalty of making good the deficiency thence arising, out of their private fortunes. I presume not to point out the particular funds which are to be thus set aside, or the mode of securing them; these may be intrusted to your committee.

The advantages of this measure are obvious; it will enable the Company to ascertain the extent of their loss, at or about Midsummer 1780. It will afford time to recover their proportions from the different partners, before the business is finally closed; and, when the last term of payment arrives, it will enable them to finish the whole at once, without confusion, and without the loss and expence.

pence that must otherwise attend the gleanings of so extensive a business.

But much is still to be done to enable you to arrive at this wished for period. One indispensable preliminary is to make good your payments at Midsummer next; as, unless that is accomplished, no scheme for your relief can either be formed or executed.

The Managers of the Company will no doubt lay before the meeting an account of the sums that must be paid at Midsummer, and of the funds they can depend on for that purpose. It is easy to see that the short-coming will be great, unless the partners unanimously exert themselves to make effectual the contribution ordered by the last general meeting, and even to make a further contribution, if found necessary.

I have formerly omitted to mention, that the heritable debts lodged with the trustees, in security of the transferable bonds, are to be delivered up to the Company, in proportion to the payments made upon these bonds. By this means, heritable securities will be relieved by the payments at Midsummer next, which the committee may recover in time to answer the payments at Midsummer 1779; and the payments at that term will, in their turn, relieve securities to assist in the payments at Midsummer 1780, betwixt and which period, the total loss upon the debts will be known with a considerable degree of certainty; more especially, if it is recommended to your Committee of Managers to sell, by public roup, from time to time, such debts as are bad or doubtful, and which shall be judged proper to be disposed of in that manner.

I have omitted to bring to account the claims thought competent to the Company, by the report of the Committee of Inquiry. It will, on all hands, be acknowledged, that these are at present too vague and uncertain to be admitted into the list of the Company's effects. If, upon mature deliberation, the Company, or any individuals of the Company, shall be of opinion, that all, or any of them, ought to be prosecuted, it will be known betwixt and Midsummer 1780, if they are likely to produce any thing, and to what extent. The most sanguine will not flatter themselves with the hopes of its being equal to the loss still unprovided for; so that, in no point of view, can these claims afford any objection to the immediate payment of the contribution formerly ordered, or to any other part of the plan I have taken the liberty to suggest.

The great and unexampled loss we have sustained, should warn us to be careful as to our future conduct. We have severely felt the rapid effects of injudicious management, sanctioned, perhaps promoted, by our silent acquiescence and inattention. When just escaping from the wreck, the same inattention of many of our partners is in danger of plunging both themselves and us into a new scene of confusion. If the contribution ordered by the last general meeting is not soon made effectual, there is but too good ground to fear our past losses will be doubled. On the other hand, if the partners who have hitherto been refractory, will follow the example of the rest, and thereby enable the Company to make good their payments at Midsummer; if they will concur in setting apart a sum sufficient to answer the payments at Midsummer 1782,

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the intermediate time may be applied to collect the debts that are known to be ultimately good, to sell those that are bad or doubtful, and to bring the whole to the best conclusion the unfortunate circumstances of the Company, and many of those concerned in it, will now admit of.

I am, your's, &c.