CLAIMS: ADJUSTMENT OF ACCOUNTS AND REFUND OF TAXES

Agreement signed at Washington April 14, 1938
Ratified by Nicaragua May 30, 1938
Senate advice and consent to ratification June 13, 1938
Ratified by the President of the United States July 6, 1938
Ratifications exchanged at Washington August 24, 1938
Entered into force August 24, 1938
Proclaimed by the President of the United States August 31, 1938
Terminated September 2, 1939 ¹

53 Stat. 1573; Treaty Series 937

The United States of America and the Republic of Nicaragua:

Considering that the Government of the Republic of Nicaragua is indebted to the Government of the United States of America in the amount of $289,898.78, representing unpaid balance of the principal amount of indebtedness incurred for the purchase from the Government of the United States of America of certain arms and ammunition;

Considering that the Government of the Republic of Nicaragua makes a claim to refund of income taxes from the Government of the United States of America in the principal amount of $372,879.06, representing payment of income taxes to the Government of the United States of America by the Ferrocarril del Pacifico de Nicaragua; and,

Being desirous of adjusting in a mutually satisfactory manner the aforesaid accounts and of strengthening still further the friendly relations which happily exist between the two Governments:

Have decided to enter into an agreement for that purpose and to that end have appointed their plenipotentiaries:

The President of the United States of America:
Cordell Hull, Secretary of State of the United States of America, and

The President of the Republic of Nicaragua:
Señor Doctor Don León De Bayle, Envoy Extraordinary and Minister Plenipotentiary of Nicaragua in Washington,

¹ Date of payment of full settlement by the United States.
Who, having communicated their respective full powers to each other, which have been found to be in good and due form, have agreed upon the following:

**Article I**

The Government of the United States of America shall pay to the Government of the Republic of Nicaragua the sum of $72,000 in full settlement of the claim of the Government of the Republic of Nicaragua for refund of $372,879.06, being the principal amount of certain income taxes paid by the Ferrocarril del Pacifico de Nicaragua, and for refund of interest thereon.

**Article II**

The Government of the Republic of Nicaragua agrees to accept the payment of $72,000 in full settlement of its aforesaid claim, and in consideration of such agreement the Government of the United States of America hereby cancels the present indebtedness of the Government of the Republic of Nicaragua to it for arms and ammunition sold to the Government of the Republic of Nicaragua, in the principal amount of $289,898.78, together with interest thereon.

**Article III**

The present agreement shall be ratified in accordance with the constitutional methods of the High Contracting Parties and shall take effect immediately on the exchange of ratifications, which shall take place as soon as possible at Washington.

In witness whereof, the Plenipotentiaries have signed this agreement in duplicate, in the English and Spanish languages, both texts being authentic, and have hereunto affixed their seals.

Done at the City of Washington the fourteenth day of April, one thousand nine hundred and thirty-eight.

For the President of the United States of America:

Cordell Hull [seal]

For the President of the Republic of Nicaragua:

León de Bayle [seal]