

1st. That the Act of Assembly of December session, 1838, chap. 396, granted \$3,200,000 of the 5 per cent. sterling Bonds in exchange for the \$3,000,000 of 6 per cent. currency Bonds previously issued for the canal company, and that although the sterling Bonds were those considered to belong to the company in the statement made on the 1st of June, 1839, yet they had not then been issued, being at that time in the hands of the engraver. The Bonds hypothecated were, therefore, the 6 per cents, and of these

\$1,500,000 had been sent to Mr. Peabody in London, and hypothecated there, and
1,000,000 were pledged to Banks in the United States,

\$2,500,000

According to the act of assembly before referred to, \$2,666,667 of the 5 per cents. were held up by the State until the currency Bonds then hypothecated, were returned to the State Treasury. This amount of the 5 per cents. may, therefore, be considered as hypothecated.

On the 23d May, 1839, Col. Washington, the former President of the company, gave to the Messrs. A. Brown & Sons, an order on the commissioner of loans for £25,000 of the 5 per cent. Bonds (\$111,111) to be delivered as soon as made, to be held by them as security for a loan. This must be also considered as hypothecated.

Of the stock of the corporation of Washington, \$97,000 was hypothecated with the Bank of America, the Bank of Potomac and the Bank of Washington.

I am not aware that any other of the bonds or other means of the company were at that time hypothecated. The following statement will shew what were at the disposal of the board, for the payment of debts then existing, and the further prosecution of the work, or to be applied exclusively to the prosecution of the work, if it had been deemed expedient to leave the old debts unpaid, viz:

| | | |
|-----------------------------|-------------|-------------|
| £1,058,175 State Bonds, | | \$4,703,000 |
| Less, held up by the State, | \$2,666,667 | |
| Hypothecated with Brown, | 111,111 | |
| | <hr/> | 2,777,778 |
| | | <hr/> |
| | | \$1,925,222 |