

File No. 7356.

CORRESPONDENCE.

APPRAI TAX COURT  
CITY HALL.

Baltimore, January 17, 1908.

W. Cabell Bruce, Esq.,  
City Solicitor,  
Baltimore.

Dear Sir:-

524 The constantly recurring question as to whether the United Railway Income Bonds are subject to assessment under Article 81, Section 210, Code of 1904, prompts us to ask for your advice.

You may remember that interest payments on these bonds were defaulted during 1904, 1905 and 1906, and that in December, 1906, an arrangement was made by the Company, with practically all of the bondholders, for the issue of funding bonds in lieu of the interest which had then accrued, and for the further issue of such funding bonds at each recurring interest period. These funding bonds are freely saleable in the market.

You will observe therefore that the practical effect of the arrangement is, that while interest on the income bonds is not paid in cash by the company, the bondholders nevertheless receive in lieu thereof obligations of a different character, having a cash value. Inasmuch as interest on the income bonds was in default up to and beyond October 1st 1906, and the question of subjecting them to taxation for prior years is open to doubt, and is, moreover, complicated by the conflicting rights of intervening holders, we consider it expedient and proper to confine our inquiry to you to the matter of our right to assess the holders of such income bonds for the year 1908.

For your further information we enclose a copy of letter received this day from Mr. France, General Counsel for the United Railways Company.

Very truly yours,

(Signed) Conway W. Sane,  
President.