

the sinking fund. The special taxes were to be paid directly to the Commissioners of the Loan Office to be invested by them in well-secured mortgages on land or on silver plate; the fifteen pence export duty on tobacco was, however, to be transmitted by the Naval Officers of the several ports of entry who collected it directly in the form of bills of exchange, to certain trustees in London, also named in the bill, who were to promptly invest the money so received in Capital Stock of the Bank of England (*Arch. Md.* XXXIX, 92-113). The Assembly, usually at least annually, appointed a joint committee of both houses to inspect the accounts of the Loan Office and of the London trustees deposited in this same office. As has been pointed out in a previous volume of the *Archives*, this joint committee had repeatedly complained that the accounts of the Loan Office were kept in such an irregular manner that it was difficult, or impossible, to properly audit them, and recommended that the Italian [double entry] system be introduced; and asked authority from the Assembly to examine the accounts of the Office *between* sessions (*Arch. Md.* LV, lii-liv).

A joint committee of the two houses was appointed at each of the three first sessions of this Assembly to examine the accounts of the Loan Office, but brought in no reports (pp. 19, 21, 47, 76, 152, 171, 182). At the *March-April 1760 session* the joint committee brought in a report that owing to the continued illness of Richard Dorsey, Clerk of the Loan Office, it was impossible to make a satisfactory examination of the Office accounts, which, however, appeared to be kept in the same irregular manner that had been complained of in former reports (pp. 205, 213, 229, 250). Again at the *September-October 1760 session*, the joint committee seems to have been unable to make an examination owing to the severe illness of the clerk (pp. 334, 354). At the *April-May 1761 session* the joint committee, of which Benedict Calvert of the Upper House was Chairman, was able to make an examination of the accounts (pp. 405, 440). Richard Dorsey, a justice of Anne Arundel County, who for some twenty years past had been clerk of the Loan Office, had died on December 11, 1760. On April 24, 1761, the committee submitted a sensational report of its findings. This made slight mention of the accounts of the Commissioners of the Loan Office in Annapolis, which doubtless showed no evidence of wrong-doing, but confined itself to the startling revelations which an examination of the accounts of the trustees of the sinking fund in London, filed in the Loan Office, had brought to light. These disclosed that for some four years Henry Darnall, Naval Officer of the Patuxent District, had failed to remit directly to the London trustees, as required by law, the fifteen pence tobacco export duty which he had collected, and in this way had embezzled about £2,000 of Provincial funds. The Darnall defalcation is narrated in detail elsewhere in this introduction, so the disclosures need not be repeated here (pp. lv-lviii). The examination also brought to light that some of the other naval officers, had been slow in making remittances to the London trustees, as well as the fact that the London trustees had not been over-careful in keeping their accounts, and had failed to comply with the provisions of the law requiring prompt investment by them in Bank of England Stock of all the funds in their hands.