

debt, which had, for so many years, been suffered to accumulate.

They found themselves embarrassed, however, in this desire by controversies amongst the Bondholders touching the priorities of the bonds by a bill of complaint filed in one of the Courts in Baltimore city by the State of Virginia, which made it impossible for them to order any distribution which was entirely satisfactory to everybody, until the meeting of the Board in December last, when an agreement (being paper No. 4 herewith submitted) was laid before them, which furnished what was believed to be a basis of distribution assented to by all the principal Bondholders who had taken part in the controversy, and which had the merit, considered by the Board to be conclusive, of being not only greatly advantageous to the State, but also in conformity with the precedents heretofore set by the Company, by paying coupons on preferred and repair bonds without regard to priority and without objection until the filing of the bill of complaint by the State of Virginia already referred to.

Recognizing the equity and equality of the mode of distribution provided for by this agreement, and it being considered highly desirable that the \$160,000 then in the Company's possession should be distributed without delay, the resolutions of the 9th of December, 1869, were passed.

These resolutions contemplated and directed an *immediate* payment to all who were included in the classes designated to be paid. If they had been allowed to be carried out, a quarter of a million dollars of the debt of the Company would have been paid and cancelled by the appropriation of the \$160,000, set apart for them, and thus the State of Maryland as the holder of the second lien upon the revenues of the Company, would have been benefited to the extent of about \$75,000, because by this arrangement the principal of the coupons were only to be paid without interest.

The account of the State of Virginia for the period covered by the resolutions having been already settled and adjusted, Counsel General Johnson on the 10th December, demanded payment of the sum thus found to be due amounting to (\$58,435) fifty-eight thousand four hundred and thirty-five dollars, and it was accordingly paid to him.

Subsequently, in consequence of the removal then actually taking place of the books, records and other papers of the Company from Washington to Annapolis, the Committee, by whom, under the resolutions the sum appropriated to the Bondholders was to be disbursed, finding it inconvenient if not impracticable to complete, without a few days' delay, the arrangement for the payment of the coupons in Baltimore where by the terms of the Bonds they were payable, gave notice that they would be paid on presentation at the office of Messrs. Brown & Sons, *on and*