

propriation to the public schools; interest on public debt; payments to pensioners; to civil and judicial offices, &c., when these payments are pending or approaching, it is necessary to retain funds to provide for them, and other demands must bide their time. This course interfered with the ability of the Treasury Department to pay any part of the subscription to the Southern Maryland Railroad Company, immediately upon its being payable, and before the month of June, 1873. By reference to the Treasury Department, it will be ascertained that although there was a balance to the credit of the State prior to April 30th, yet at that time the State had about \$14,000 in two of its depositories, and was indebted to the third in the sum of nearly \$57,000. And further, that the heavy payments into the Treasury occur in the months of May, June and July, being receipts from licenses and State taxes.

I would add that the Treasury Department was further delayed in making payments to the Southern Maryland Railroad Company, by the possibility of its being called on to pay the Baltimore and Drum Point Railroad Company the money to which it was entitled by priority of subscription.

It was not until December 10th, 1873, (at which time the sum of \$13,000 of the \$60,000, which they expected to be in condition to demand was paid, and it was ascertained that this was all they would require during the year 1873,) that the State could pay further instalments to the first named road, and thus pay over the balance of the \$125,000, authorized to be paid in any one year.

In respect to the fact that the claims of the Company upon the Treasury, under the State subscriptions, were made payable or assigned to third parties, I have nothing to say, because I knew nothing except that the assignments were made, and the Treasury Department notified of them. The warrants of the Comptroller were in favor of the assignees, and I paid them. On inquiry at the Comptroller's office, it will be ascertained that the greater portion of the claims upon the Treasury are not paid to the original parties, and that nearly all are endorsed or transferred to banks or other parties, either for value or for collection. The fact, therefore, that these claims were presented by others than the officers of the Company, was but in the ordinary course of business.

I am, very respectfully yours, &c.

Signed,

JOHN W. DAVIS.

Which was read.

The question recurring upon the adoption of the report,