

## [DOCUMENT A.]

HOUSE OF REPRESENTATIVES,

January 20th, 1840.

*Dear Sir:*—The committee of ways and means of which you are chairman, may safely assume, that *all* the bonds issued by the State for the benefit of the canal company, will be in the hands of purchasers before the first day of July next. The sales made in the United States, and made and about to be made in London by Mr. Peabody, will leave under control of the directors of the canal company, bonds to the amount of about £150,000. A part of these bonds will be conveyed to trustees for the redemption of the canal scrip and due bills, and the balance will be sold to pay other debts of the company to contractors and others.

The canal company have provided for the payment of the interest due on the 1st January, on *all* the bonds issued under acts 386 and 396 of the last session of the Maryland Legislature, which have been sold. But the company will not be able to pay the interest due to the State on the \$2,000,000 loan, or the bonds above named, hereafter, unless further appropriations for the benefit of the company shall be made by the Legislature.

The contract entered into by the State with the canal company for the payment of this interest, is deceptive. The whole yearly income of the canal company does not exceed \$50,000, and double the amount of that sum was expended in the year ending June 1, 1839, in payment of repairs of canal and officers' salaries. The interest to the State has heretofore been paid by a sale of the bonds issued for constructing the canal. From this statement you will perceive that I was justified in notifying the treasurer and Governor Grason that the canal company could not pay the interest; at that time, State bonds would not sell for more than \$70 in the hundred. And as the treasurer was authorised to use for the payment of this interest the State's surplus in the Baltimore banks, it appeared to me that the canal board would not be justified in making sale of State bonds at an enormous sacrifice, to raise the money for that purpose.

I have written in great haste. You are at liberty, however, to show this to the members of your committee, if its contents are thought to be useful in the performance of their duties.

With sincere respect,

I am yours, &c.

FRANCIS THOMAS.

W. A. SPENCER, Esq.