

ed, without injuring essentially, the very large amount of securities held by the company's agent in Europe. To Mr. Peabody were forwarded £610,000, (\$2,711,111,) to be disposed of in London. At that time, sales of similar securities in this country could not be made but at very low rates, it appeared therefore, to be injudicious to sell a few bonds, to pay the State \$60,000, and then a few more to pay the monthly estimates, when they should become severally due. Bonds thus sold, would through the agency of steam navigation, in a very short time have found their way into the London market for which they were particularly prepared; and if there sold again, the arrangements of Mr. Peabody must have been fatally interfered with, in the fixing of a price without his agency, for the large amount of securities he held. Determining from that, and other considerations, that it would be imprudent to sell for the purposes mentioned, application was made to several of the banks of Maryland, and the District of Columbia, for a loan of the money which was indispensable. These applications proving fruitless, arrangements were made with Alexander Brown & Sons, of Baltimore, E. Riggs, and Christmas, Livingston & Prime, and the North American Trust and Banking Company of New York, and the Frederick County Bank, in Maryland, to procure the money required.

For the terms of those arrangements, reference is respectfully made, to papers in the appendix, numbered from 33 to 38. It will be perceived, that in each of these cases, sterling bonds were hypothecated. In vindication of that act, it must be borne in mind, that the proceeding could not be considered voluntary.—The credit of the canal company was such, that no party would then loan money for its uses, without holding collateral security. The propriety of paying the interest to the State was most obvious; and the justice and propriety of making prompt payment to the contractors on the line, was equally palpable. It may be very bad policy, to hypothecate bonds, to procure the means of fulfilling contracts, afterwards to be made; and yet it may be wise policy, as it is certainly nothing but strict honesty, to pledge bonds, or any other property, which a debtor may hold, to obtain the means to pay existing debts, when such debts cannot be paid in any way more judicious. At the time when these hypothecations were made to Messrs. Christmas, Livingston & Prime, and E. Riggs, Esq., and others, there were good reasons to believe, that sales could be effected in Europe, by the agent of the canal company in time to pay the debts when due in New York by bills on London. By referring to copies of the letters of Mr. Peabody, appended marked 19 and 20, which were in possession of the President, when these contracts were made, it will be seen that we then had good reason to anticipate, that sales could be effected in London, on terms to which we were willing to submit.

After these loans and advances were negotiated, a letter was received from Mr. Peabody declining to accept any bills of the company, and announcing his inability to dispose of the bonds in