

exchange, and do you know upon what terms and conditions such hypothecation was made?

Answer. The President furnished the Treasurer with a memorandum for the purpose of entering the transaction upon the books of the company, shewing that on the 10th of September, 1839, the North American Trust and Banking Company paid to him \$71,666-66 for bills of exchange drawn on Geo. Peabody of London for £15,000 sterling, payable at 90 days after sight, and for the payment of which bills at maturity he had hypothecated with that company £20,000 sterling of 5 per cent. State bonds. About the 1st of November, the first copy of the bills of exchange were returned to the North American Trust and Banking Company protested for *non-acceptance*, and letters were received by the canal company from the Trust and Banking Company, demanding immediate payment of the bills, and I believe claiming damages. Application was made to the Trust Company for indulgence, but it was refused, and a threat was made, that the hypothecated bonds would be sold. The President of the company thereupon went to New York, and being unable to obtain indulgence he sold to the Trust Company, all the bonds in its hands £25,000 sterling for such price as left him to receive \$210 98 cts. as the balance coming to the canal company after the claim of the Trust Company had been satisfied. The President received this balance and the protested bills and thus closed the transaction.

The original amount of State bonds hypothecated with the Trust and Banking Company was £20,000 sterling, as the receipt of J. D. Beers, President, published by the Legislature shews. When the amount was increased to £25,000 I do not know, but I presume that it was done at the same time that other creditors of the company in New York who held pledges of State bonds demanded and received an increase of collateral security.

From the foregoing it will be seen that the bills of exchange were not at maturity when they were paid. They were drawn on the 5th of September at 90 days after sight, and could not have left the United States before the day of sale, the 10th of September, allowing 15 days for their passage to London, they could not mature before the 25th of December following.

The State bonds sold to the Trust and Banking Company were I presume, the same which had been hypothecated with it, and the amount realized from the sale was \$71,877 64.