

The terms and conditions of the hypothecation of the first £20,000 of bonds were, that it should be held by the Trust and Banking Company as collateral security for the payment of the £15,000 bills of exchange drawn by the canal company on George Peabody and sold to the Trust and Banking Company, and if the bills of exchange should not be paid at maturity, then the £20,000 of bonds were to be sold for that object, or so many of them as might be necessary to meet the payment of the bills.

I infer that the additional sum of £5,000 afterwards hypothecated was understood to be held upon the same terms, but I do not know the fact.

*6th Interrogatory.* When were the bills of exchange, mentioned in the preceding interrogatory, drawn; Were they drawn with or against the advice of Mr. Peabody?

*Answer.* Mr. Peabody had not so far as I know, advised or authorized the bills to be drawn, to which reference is made in this interrogatory. On referring to his letters of the 5th, 8th and 31st July, 1839, published as before stated, it will be seen that he requested, that no more bills should be drawn upon him until a favorable change should take place in the money market, but on the contrary, begged that funds should be remitted to him by the Steam Ship of the 24th of August to enable him to take up the bills for £18,000 drawn on him on the 10th of June. It must therefore be said that the bills were drawn against the advice of Mr. Peabody.

*7th Interrogatory.* Who received from the Commissioner of Loans, the State bonds issued for the Chesapeake and Ohio Canal Company in the years 1839 and 1840, and who disposed of the bonds so received. Was there any account kept of those bonds during those years by any officer of the company? If yea, who kept the account, and if nay, whose duty was it to have done so?

*Answer.* A portion of these bonds were, in accordance with the 2d section of the Act of Assembly under which they were issued, transmitted through the agency of the State Treasurer, to London, to be exchanged for the six per cent. bonds which had been hypothecated there; a small amount of the bonds, though considered as pledged, were not issued when I left the service of the company, but the remainder of the bonds were delivered either to the President of the company in person, or to other persons upon his written orders.