

MERCHANTS' BANK,

Baltimore, Jan. 25th, 1841.

Edward A. Lynch, Esq.,

Ch. Com. Int. Impt.

SIR:—I have before me yours of the 23d inst., prefixing a preamble and resolution and passed by the House of Delegates, and asking what induced a refusal on the part of this bank to allow additional time on the debt of the Chesapeake and Ohio Canal Company, and whether the bonds hypothecated had been sold, and to whom, or what time, and at what price.

In reply to the above I would remark, that the loan as originally made was for a given time, and but for a pledge of punctual payment at its maturity, would not have been made. It is a principle with this bank not to discount on hypothecations of stock, mortgages, or accommodation paper, —the board preferring to do *business* paper. This rule was, however, departed from on account of the character of the work, and the stock was purchased to settle the claim.

On the 15th July last, we sold £4,500 c 88—to Thomas Oliver;—on the 29th same month £3,250 more to the same person, at the same rate;—on the 29th Sept. we sold £10,000 more to Oelrichs & Lurman c 90, and there remains on hand £23,000.

I am very respectfully,

Your obedient servant,

D. SPRIGG.

P. S.—If it will be desirable to the State to redeem the amount of stock now on hand at its cost, I have no doubt the President and Directors of this bank will authorise a sale.

BALTIMORE, 12th February, 1841.

SIR:—I annex answers to the interrogatories in the order in which they are propounded, and am

Respectfully, yours &c.,

J. SWAN.

To C. S. RIBBLEY, Esq.,

Speaker House Delegates.

1st. I have held the office of President of the Merchants' Bank of Baltimore, and of a Director in the Baltimore and Ohio Rail Company during the period referred to, and have had good opportunity to know the state of the money market.