

for the suspension of the State's right of priority upon the tolls of the canal actually passed one House at the last session of the Legislature, and from the further fact, that this section was not objected to by the other House, in which the bill was finally lost.

Regarding this difficulty as settled, it remains to be ascertained whether a loan can be effected by the company, at this time, by giving an undoubted lien on the proceeds of the whole canal, to meet interest, and the eventual payment of principal, on the amount requisite to complete the canal to Cumberland.

To this question a definite reply cannot now be given. Before doing so, it would be necessary to extend the investigation into the European market; and to afford a reasonable prospect of success in such a negotiation, it would probably be advisable to have it conducted, in person, by an agent sent out for that purpose. The undersigned has taken measures, however, to ascertain the opinions of several of the most eminent capitalists and distinguished financiers in this country, as to the probable result of such an attempt; and they all concur in the belief that the money might be obtained, and without much difficulty, from the present holders of the State bonds in Europe.

If sufficient security could be offered them, they would have the strongest inducement to make the loan, as the surest means of preventing the heavy losses to which they may be subjected by the still greater depreciation of the bonds which they now hold.

There is another mode of raising the required amount, which, although perhaps less economical, is certainly more feasible than the one above mentioned. With regard to this, the undersigned is happy to have it in his power to present to your consideration information of a more definite character.

The mode referred to is simply this: To issue the bonds of the company to the amount of \$2,000,000, to be given to any responsible party who shall contract to complete the canal to Cumberland for that sum; the payment of the said bonds being secured by a mortgage on the tolls and revenues of the work, in the manner hereinbefore mentioned.

The completion of the canal is to be made an indispensable condition, and to constitute the very foundation of the proposed plan; and it is hoped that this feature will go far to recommend it to the favorable consideration of the stockholders, provided that parties can be found who are willing to undertake it, and who are certainly able to fulfil their part of the contract.

It does not propose to limit the issue of bonds to the specific amount for which it is estimated that the canal can be completed to Cumberland, for the estimates have always heretofore fallen short of the actual cost of the work, and a large allowance must be made for discount in any sale which might be made of the bonds; but it proposes to contract for the completion of the whole work for a named sum, (viz: \$2,000,000,) whether that sum be found to exceed the actual cost of the construction or not; and thus to