

the balance, we shall proceed to the sale of the bonds in our hands, either here or in the United States, as may appear most advisable. We shall thus give to the company any advantage which may arise from the measures of the legislature during the present session, as our desire is to consult the interests of the company, consistently with the speedy settlement of our account, which cannot be left open for an indefinite period, with a constantly increasing balance to its debit. We send this letter open to our agent, Mr. Ward, begging him to forward it to you, and should you have any communication to make to which you would wish a more prompt reply than can be obtained from London, we beg to refer you to him.

We remain, respectfully,

Sir, your obedient servants,

(Signed,) **BARING, BROTHERS & CO.**

No. 4.

(COPY.)

OFFICE CHESAPEAKE AND OHIO CANAL CO.

Frederick, Md. 10th January, 1843.

To Messrs. BARING, BROTHERS & Co. London—

GENTLEMEN,—We have the honor to acknowledge the receipt of your letter of the 3rd ultimo, enclosed in one from your agent, Mr. Ward, of Boston, in which you acknowledge the receipt of the resolution of the Board of Directors of this company declining your proposition in regard to a sale of the State of Maryland bonds in your hands, belonging to the company, at 50 per cent. As from the tenor of your present letter, it appears that the existing arrangement between yourselves and this company, in reference to those bonds, is misunderstood on your part, or, at least, that you understand it differently from the Board of Directors, we respectfully beg leave to call your attention to the letters in which it is embraced, and to quote, for your consideration, such extracts therefrom as immediately apply to the question at issue. After doing this we will again more particularly consider the subject of your present letter.

The terms of the original agreement are set forth in the letter from your house to Geo. Peabody, Esq., dated London, November 27, 1839. The 5th proposition reads as follows:

“Should we decide not to avail of the above option (*i. e.* to take the bonds at 70 per cent. at any time before the 1st of January, 1840, in amount not exceeding £300,000 nor less than £200,000,) then you shall give us the choice of making such advances on Maryland bonds at 65 ex. January dividend, at the bank rate of interest, as you may require to meet all engagements for the Chesapeake and Ohio Canal Company, not exceeding £200,000. Such advances to be repaid by sales of the stock at our discretion, (advising with you, however, before making any large sales,) in-