

cation, had I not perceived that the correspondence has been laid before the Maryland Legislature, and made the subject of consideration by that body. Under these circumstances it appears to me due to them, as well as Messrs. Baring, that I should communicate to you, for the information of the Legislature, the view which occurs to me of the question presented by this correspondence.

It appears from the report of the directors, that Messrs. Baring became the sole agents of the Chesapeake and Ohio Canal Company, for the sale of the Maryland bonds issued to that company, under an agreement entered into with Mr. George Peabody, on the 27th November 1839—they having been previously large purchasers of the said bonds from Mr. Peabody, the former agent of the canal company. The terms of this agreement are known to me, only from the extracts from it given in the above mentioned report. The object of the arrangement, appears to have been to provide for the benefit of all parties concerned in the bonds, a single agency, which should protect them against depression by forced sales, of such as were hypothecated to sundry institutions in the United States. The terms of this agreement are stated in part, in the letter of Messrs. Baring to Mr. Peabody, of November 27, and acceded to in the reply of the latter of the same date; and further in their letter to Mr. Peabody of December 6, 1839, which agreements were received, and confirmed by a resolution of the President and Directors of the Chesapeake and Ohio Company, passed January 8, 1840. The principal conditions of the agreement are stated in both the letters above named, viz: in the 1st. Messrs. Baring agree that they will meet all engagements for the Chesapeake and Ohio Canal Company, not exceeding £200,000. *“Such advances to be repaid by sales of the stocks at our discretion, (advising you, however, before making any large sales.)”* In the second letter, they engage with Mr. Peabody to provide for his acceptances on the consignment of the bonds at the rate of 65 per cent. on the delivery of the bonds, to an amount not exceeding £200,000, and not more than £30,000 per month; and in this letter it is added, *“although we must reserve to ourselves the right of covering our cash advances by sales, yet our own interests are so closely identified with those of the company, and our wish is so sincere to meet its views, that you may rely on our not uselessly sacrificing its stock, and we shall consult with you as to prices, and are willing to admit what is consigned to us in pro rata proportions, with what we hold for our own account, in our gradual sales.”*

The amount of this manifestly is, *an express right of covering their cash advances by sales of the bonds*, with no other qualification than that of not uselessly sacrificing them. As a further assurance that they would not be so sacrificed, by forced sales, less advantageous than those which should be made in the course of the casual demand for the stock, they admit the canal company to the benefit of sharing with themselves *pro rata* in all the sales which they should make of their own stocks, of which at the time