

tion was to be paid out of the money received from the sale of State Bonds, and upon the condition, among others, that the company should guarantee to the State the payment, out of the profits of the work, six per centum per annum, until the profits should be more than sufficient to discharge this interest, and be adequate to a dividend of six per centum per annum among the stockholders, and then, that the State should be entitled to receive a perpetual dividend of six per centum per annum. The Commissioners appointed to sell the Bonds of the State for the purpose of raising money to meet this subscription, sold \$3,000,000 of the same to the company.

By the Act of 1838, chapter 386, it was provided that upon the return of these Bonds to the Treasurer, and a release being executed to the State by the company, of its interests under the contract made with the Commissioners, the Commissioner of Loans should deliver to the company Sterling Bonds to an equivalent amount, bearing interest at the rate of five per centum per annum, payable in London, and upon the further condition that the company should secure by mortgage the payment of the interest on the stock created by the Act, at least ninety days before the first day of January and July in every year, for the term of three years from the date of the bonds, together with the costs of transmitting the interest, and the difference in exchange of currency between London and Baltimore.

It appears that after the delivery and sale of the Sterling Bonds, the company did remit the interest to London, including the price of exchange and expenses, and continued to do so until October, 1865, when this Department was notified through the President of the company, that its obligation to remit the interest and exchange, ceased three years after the date of the Bonds, and that it was only bound to pay to the State a dividend of six per centum in semi-annual instalments.

Because of this refusal of the company to pay the interest in London, on these Bonds, as usual, it became necessary for the Treasurer to provide for the same.