

when it was indispensable to the progress and security of the work, and without any other consideration than its advancement and the benefit of the general creditors and stockholders.

Deeds of trust were accordingly ordered to be executed, and have been executed, embracing the foregoing provisions, and containing a further provision authorising the creditors of the company to exchange and convert the evidences of debt which they now hold against the company into bonds, payable January 1, 1847, to include the interest due at the time of conversion, and requiring the conversion to be made within one year from the date of the instruments. The instruments further provide, that after paying the interest to the State of Maryland and the preferred debts, that the surplus of revenues shall be paid to the general creditors, in proportion to the amount of their respective claims, including the claims which shall be converted into bonds as above described. It further reserves to the company the right to fund the debts due by them, or to raise by way of mortgage or otherwise a permanent loan for their payment.

The proposition to convert into bonds as above mentioned, it will be observed, embraces every description of debt or claim now existing, including the small notes heretofore received for tolls on the Tide Water Canal—the state of the companies finances rendering it imperative and due to the general creditors that the revenues of the company works should hereafter be paid in current funds.

The board deem it proper respectfully to submit to the creditors such explanatory remarks as will more clearly set forth their views in adopting the course of action announced in the foregoing proceedings. At a former meeting of the companies a committee was appointed to report upon the amount of their existing liabilities; to consider of the exigency of their pecuniary affairs; and to recommend such plan of relief as would, in their judgment, most effectually subserve the interests of the creditors, and at the same time, comport with the actual condition of said companies. The report of this committee subsequently made, sets forth the facts,—that the companies had been unable to pay the interest due on on the first of July last on the loan of the State of Maryland; and that they had also been unable to pay other liabilities which fell due about the same period, or which have since matured. The proceedings stated above were the result of the deliberations of the board on the subject of this report, and they have been adopted by the board, under the belief that the plan of action which they embrace will insure to the State of Maryland *protection* from future disappointment in the receipt of her interest to other creditors, *sufficient security* for the eventual payment of their claims: and to the stockholders, in the establishment of the credit of the company, and in the development of the trade of the canals, a reasonable hope of an adequate return at no very distant period, for the capital expended in the construction of the work. The liabilities of the companies consist, first, of the bonds of the State