

✓ B.L.W.
11/17/35
October 1, 1935

Mr. H. J. Leimbach
Supervising Engineer
Public Improvement Commission
City Hall
Baltimore, Maryland

Dear Mr. Leimbach:

Referring to the letter from Mr. H. S. Shryock to you, dated September 20, 1935, which you discussed with me this morning, particularly the concluding paragraph of said letter referring to a recent letter from me to Mr. Shryock relative to certain claims against the P. C. Streett Engineering Company:

Mr. Shryock has construed my letter to mean that the claims in question are just claims against the Bonding Company. I did not intend to convey this meaning to him. In their present status, these claims are just claims against the Contractor for the payment of which the Contractor is primarily liable. If, hereafter, the City incurs any liability in respect to these claims because of the failure of the Contractor to pay the same, or for any other reason, then the City will be entitled to be indemnified for all cost and expense in respect to the claims in question under the surety bond.

At the present time, however, none of these claims have been asserted against the City, and no liability on the part of the City in respect to the same has arisen, or is apparent. In their present status, therefore, these claims are not claims against the City nor against the Surety, but merely claims against the Contractor. If they result eventually in liability on the part of the City, they will then become claims against the Surety under its bond.

As to these claims, the City has power under the contract and in the exercise of its discretion to retain from moneys due the Contractor amounts sufficient to cover the claims in question, pending the final adjudication thereof. It has no power, however, to apply money due the Contractor to the settlement of such claims.

In the present case, the Surety Company has assumed the contract and will be liable, as substitute Contractor, for the payment of these claims as, when and if established.