

final hearing, after the State shall become a defendant, the extent of the State's waiver and of the rights of all classes of bondholders, may be adjudicated. The Company, in its answer to the bill of Virginia, submitted all the questions arising out of Virginia's claims, including that of interest on certificates for interest and coupons, to the decision of the Court. But the agreement of certain bondholders, which the Company adopted, last December, as the basis for the appropriation of \$160,000, as I recollect it, yielded every claim of Virginia so fully, that a part of the arrangement was that Virginia should dismiss the pending bill. I have been since informed by Col. Marshall, one of the counsel of the Canal Company, that another agreement has been entered into whereby the case is to be prosecuted to final decree.

3d. "Can the holders of the said bonds recover interest against the Canal Company on the over-due coupons from the date of their falling due?" As I have already stated, I think they cannot, as a debt entitled to priority over the State of Maryland.

4th. "What legislation is necessary to protect the State's interest against the attempt which may be made to fund the said interest to the prejudice of the State?" It does not occur to me that any additional legislation is required. The Constitution has entrusted the State's interest in the public works to the Board of Public Works. That Board has the power in stockholders meeting to appoint the President and Directors of the Company, and afterwards to supervise their proceedings. The Board has the right to be informed before any action is taken which affects the interest of the State as creditor or stockholder of the Company. And if it has good reason to apprehend that acts are about to be done prejudicial to the State's interest, it can cause proceedings to be instituted in the name of the State to protect such interest, as was done in the case of Brady in 26 Md. before referred to. The Convention of 1867, after full consideration, determined that the State's interest in these works could nowhere be so safely entrusted as in the Board of Public Works, and refused by repeated votes and by large majorities, to subject it to legislative control. It is true, that to make the State a defendant in her own Courts, requires express authority of law. I understand an Act has been passed at the present session, authorizing the Attorney General to appear for the State in pending cases against the Canal Company. I am not informed, however, of the exact terms of the Act.

Very respectfully and truly,

ISAAC D. JONES,

Attorney General of Maryland.