Two series of claims were made by the State against the Company, which have been adjudicated, and are known respectively as the "Capitation Tax" case and the "Gold Case."

The result of the litigation, upon the points presented for adjudication, is well known, and has been officially furnished to your Honorable Body in the Message of his Excellency, the late Governor of the State.

The "Capitation Tax" case was a suit brought by the State to recover one-fifth of the whole amount received for the transportation of passengers on the Washington Branch Road, and between the Relay House and Baltimore, on travel between Baltimore and Washington.

On May 3d, 1875, the Supreme Court of the United States affirmed the judgment of the Court of Appeals of Maryland, sustaining the constitutionality of that provision of the Act of 1832, chapter 175, which requires this Company to pay semi-annually, into the State Treasury, one-fifth of the gross receipts from passenger fares on the Washington Branch. In this suit, the decisions of the highest judicial tribunals have, therefore, been in favor of the State, and, promptly upon the announcement of the opinion of the Supreme Court, the Company paid to the State Treasurer the sum of $424,229.81, the amount of the judgment and interest.

The other suit, the "Gold Case," was instituted by the State to recover from the Company the difference between the value of currency and gold on the amount of dividends on the State's Preferred Stock, from July 1st, 1865, to January 1st, 1870.

The State claimed that the six per cent. dividend on this preferred stock must be paid in gold—the Company that it was payable in currency. In this case, the decision of the Court of Appeals of Maryland, and of the Supreme Court of the United States, were adverse to the State.

Upon the principle now conclusively determined, the Company had based its counter-claim against the State for the sum of $289,529.65, for moneys advanced by the Company to pay the interest on the State's sterling debt in London. The Company was only required to pay six per cent. in currency—in the language of the law creating the obligation, "a perpetual dividend of six per cent. per annum out of the profits of the work, as declared from time to time."

At the urgent request of the State authorities, during the period of very serious financial embarrassment, which resulted from the war, when the premium on gold was high, the Company advanced the additional sum beyond this six per cent. dividend, which was needed by the State to