

"in good condition and repair" of this be the true construction of the power of the Company in this behalf, certain propositions would follow as corollaries, which will suffice as an answer to the second inquiry.

1<sup>st</sup> That the revenues of the Company are pledged to the State of Maryland.

2<sup>nd</sup> That she has waived her lien thereon (as far as this matter is concerned) to no other, or greater extent than in putting and keeping the Canal in good repair and condition.

3<sup>rd</sup> That all the money borrowed must be used for that purpose.

4<sup>th</sup> That in making the loan, no condition is to be attached, by which any part of the money obtained by it or any portion of the revenues of the Company are to be used for any purpose which will diminish the amount which the State ought to receive under her lien.

5<sup>th</sup> That the President and directors of the Chesapeake and Ohio Canal have no right to pay or stipulate to pay any money as a condition of obtaining said loan, or the guarantee of the State of Virginia, whereby the rightful payments to the State of Maryland will be in any degree deferred or diminished.

6<sup>th</sup> That the Canal, its land, and all the water rights thereunto appertaining, under the acts of 1834 Chapter 241, and 1844 Chapter 281, are mortgaged to the State of Maryland, and the President and directors of the Company can therefore make no contract or bargain in relation thereto, or grant any privilege in the same, as a condition of said loan or guarantee.

The third question relates to the right of the President and directors to reduce the tolls on the Canal since the act of 1844.

By the Charter this power is conferred in the following language: "the said President and Directors shall have full authority, subject to the direction and control of a majority in interest of the stockholders represented in any general meeting, to regulate and fix a tariff of tolls, not exceeding an average of two cents per ton per mile. The power to fix the tolls necessarily implies the right to change them; and I have carefully examined all the acts relating to liens and mortgages to the state, and can find nothing by which, exercising a sound discretion, they have divested themselves of this right. It can however, only be done under the direction and control of a majority of stockholders in interest. The State holding that relation to this work, her agents have assented to the act, because it could not have been legally done without their sanction.

I have the honor to be  
your obedient servant  
(signed) Geo R. Richardson  
Atty Genl of Md

To his Excellency  
Philip Francis Thomas  
Governor of Maryland