

1839 and '40 he was a contractor upon the Chesapeake and Ohio Canal, and was obliged to receive for services a large amount of scrip which the company as yet have made no provision for, either principal or interest. He now prays this honorable body to pass a law authorising the Canal Company to issue bonds of a similar character to those they are now issuing to the present contractors in order to fund the scrip referred to; and should this prayer not be granted he then further prays that the canal company be required to receive the scrip in payment of tolls which may arise upon the canal. Your committee feel constrained to say that they think it would not only be inexpedient and impolitic but likewise doing injustice to the canal company at the present time, to grant the prayer of the memorialist. As to the funding of canal scrip, which may be held by different persons, at some future time; your committee have nothing to say, but to do it now, under existing circumstances would in their judgment produce great embarrassment and disconcert the plans which the company are at present engaged in carrying out. A law rigid in its provisions as has been already stated, was passed at the last session, authorising the canal company to borrow on bonds of the company a large sum of money, with preferred liens on its resources, for the purpose of completing the canal to Cumberland. The State by the same law waived her liens and rights upon the revenue and tolls of the canal, so that the bonds of the company might be preferred liens. Under this law the company have already completed the contract, and are about to issue a large amount of bonds. It must then be apparent to all should the prayer of the memorialist be granted, it would be not only in direct violation of the law, but of a contract made under that law. The contractors holding the bonds of the company have preferred liens on the revenue and tolls, no other bonds therefore than those issued to the present contractors could be preferred liens, the contract having now been consummated. To fund the scrip in the manner prayed for, by compelling the canal company to issue similar bonds to the scrip holders would be impairing the obligation of contracts which the State has no right to do. In addition to this, your committee think that the company now could not be required to take the scrip referred to in payment of tolls on the canal. It more properly belongs to the contractors who hold the bonds which are preferred liens to say whether they would take depreciated paper for revenue when their contract was silent on the subject. But should this Legislature think differently and grant the prayer of the memorialist, it is the opinion of your committee, that it will inevitably result in frustrating the plans which the company have already entered into for the completion of the canal to Cumberland. Moved by these considerations, your committee have thought proper to report unfavorably upon the memorial, believing as they do, that the success of the canal depends upon it, and likewise in some degree the prosperity of the State.

JAMES FERGUSSON, Chairman.