

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

6th. That the canal, its lands and *all the water rights thereunto appertaining*, under the acts of 1834, ch. 241, and 1844, ch. 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 the 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 must 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,
Attorney General of Maryland.

To his Excellency PHILIP F. THOMAS, }
Governor of Maryland. }