

difficultly you suggest may be arrived at before that time. However highly important to the interests of Maryland and all connected with the success of the Company the procurement of a suitable loan to put the Canal in complete condition & repair may now be considered this Company certainly would not be disposed to do any act even to accomplish that object which is not just fair and within the scope of their authority. I indeed am not that had not these attributes were said of its aid. As the question of authority therefore has been raised in so high a manner, it is important that it should be settled before any final steps are taken in the matter. It is however very desirable that this be done with the least practicable delay and with that view without further prolixity I now answer your inquiries.

We have yet had no understanding with the Board of Public Works of Virginia as to the nature of the security they would require for the payment of the principal and interest of the Bonds to be issued under the act alluded to, our attention so far having been engaged with the other creditors and particularly that respecting the Chesapeake Bank, but we have reason to believe that they will be content with a reservation of the Canal commencing to them under the seal of the Company pledging the revenues to the payment of the interest and principal according to the terms of the said Bonds; that is to say the interest to be paid semi-annually from time to time and the principal by the 1<sup>st</sup> of July 1840 provided they are satisfied that under the provisions of the Maryland Act of 1844 ch. 281 the Company have and will continue to have the right to use and apply the said revenues as they see fit, so far as may be necessary from time to time to such purpose, & that the said Bonds will have priority over the Bonds issued for completion and the loans of the State. The existing liens in regard thereto, it is presumed, be considered as a protection to said Bonds assuming that the right to make such application of the revenues is reserved to & possessed by the Company. Those liens would doubtless be benefited, and greatly strengthened by the thorough repair of the Canal. It would be the means of greatly augmenting the receipts of toll after the work is finished to Cumberland, not only by causing larger quantities of tonnage to pass down, but by enabling the Company to make higher charges for toll than can be done in the present condition of the work. It would also enable the Company to withhold from the present liens only the interest on the loan that will be required to put the work in repair for many years, instead of giving the whole out of revenues so far as may be necessary to make the repairs. In this view of the subject it would be greatly to the interest of the State of Maryland that the aid offered is meant to be given by the Virginia act should be made effectual. Relief would thus be afforded to the State not only speedier but to larger amounts. There is no doubt in my mind but that the interests of both the owners of Bonds issued under the act of 1844 for completion & the State of Maryland would be greatly promoted by having the Canal put in complete order under the Virginia act of the 15<sup>th</sup> of March if it can be carried into effect on just & satisfactory terms. The only question therefore on this point which you present is a question of authority; that is, whether the Company are authorised by an issue of Bonds, the principal of which are payable at a future day & the interest semi-annually, to raise now the necessary amount of money to put the Canal in good condition & repair, and to pay the interest & principal of said Bonds out of the revenues as they may hereafter accrue, as proposed & annexed thereto. - This is the question therefore which you desire to be submitted to the Attorney General, and I believe I have now communicated to you all the facts necessary to its elucidation, with a view of acting with all due