

a sum not to exceed one million seven hundred thousand dollars - as may be
 required in aid for the completion of the Ches. & D. Canal to Cumberland. The 2^d section
 of the above act, by its second proviso provided "that the President and directors of said
 Company shall from time to time and at all times hereafter have the privilege and
 authority to use and apply such portions of said revenues and tolls, as in their opinion
 may be necessary to put and keep the said Canal in good condition and repair for
 navigation, provide the requisite supply of water, and pay the salaries of officers
 and agents, and the current charges of the said Company: upon the language
 of the proviso, and by reference to the object in view, it would be clearly in the
 the honor of the Federal Government, from time to time, and at all times hereafter "to use
 the revenues & tolls of the Company, when received, for the objects and purposes specified in
 said proviso. Upon this point, no contrary opinion could be expected. The only question
 that might arise, would be, have the Pres. & Directors the power to pledge the revenues
 in advance, for such objects? As the power is expressly given to them to use the
 revenues, or such portions as may be necessary, when received to put and keep the
 Canal in good condition, it would seem to be clear that if the annual receipts were
 insufficient to accomplish the object the revenues might be anticipated. The true
 design of the proviso, manifestly is, not to interfere with the repair and safety of the
 work, by any application of its revenues. What cannot be done, by an
 anticipation of the revenues, provided the object aimed at by the legislature be
 secured - for at the most it is but an expenditure of the revenue "from time
 to time". I am therefore, without further remark, of opinion, that under the
 act of 1844 Chap. 81 Sec. 2 (2^d proviso to said sec.) the Ches. & D. C. Company has the
 power to raise means to put the Canal in good condition &c. &c. when and
 when & end for that purpose and pay the principal and interest of those bonds
 of the revenues, in preference to the Bonds to be issued for Completion of the
 Matanzas to the State of Maryland.

(Signed) George Shelby

Counsel for the Ches. & D. C. Company May 14. 1849

State Department

Annapolis 28 May 1849

Dear Sir,

The Chesapeake and Ohio Canal Company proposes to issue its bonds
 to the amount of \$200,000 with preferred liens on the tolls and revenues of the
 Canal &c. the Company the principal and interest of that sum, the proceeds
 there derived, to be applied to the repair and improvement of the finished portion
 of the work between Dam No. 6 and George Town. The State of Virginia by an
 act of Assembly, passed 10th March 1849, a copy of which is herewith enclosed,
 has undertaken to guarantee to be endorsed on these bonds upon a compliance
 on the part of the Company with certain conditions specified in the law. You
 will perceive from the papers herewith sent, consisting, besides the Virginia
 law before referred to, of copies of a letter from myself to the President of
 the Canal Company on the date of the 23rd instant and of his reply of the