

The board of public works is hereby authorized subject to such regulations and conditions as the General Assembly may from time to time prescribe, to sell the State's interest in all works of internal improvement, whether as a stockholder or a creditor, and also the State's interest in any banking corporation, receiving in payment the bonds and registered debt now owing by the State, equal in amount to the price obtained for the State's said interest.⁶⁴

This, of course, permitted the sale of all remaining investments, including that in the Washington Branch, subject to conditions set by the legislature.

Acting pursuant to this authority, the General Assembly in 1892 adopted a set of procedural regulations for the sale of these investments, other than the stock in the Washington Branch, which was exempted from the act. Essentially the law required the Board of Public Works to advertise for sealed proposals and to select the highest bid. The board was authorized to reject all bids, however, if the highest price "should in their judgment be insufficient," in which event the board was allowed to sell the securities "at private sale upon the best terms and highest prices which they can obtain therefor." Finally, the act empowered the board to employ agents to assist it in making the sales.⁶⁵

With the exception of the first futile attempt to dispose of the C & O, nothing much was done by the board under the 1892 act. In 1896 the legislature made it a little easier. For one thing, the General Assembly specifically authorized, and indeed directed, the sale of the 5,500 shares in the Washington Branch, plus the state's stock in the Annapolis Water Works (600 shares) and the Farmers National Bank (1,549 shares), and the mortgage of the Northern Central Railroad Company, securing the \$90,000 annuity to the state. More important, although the act directed the board to proceed in accordance with the procedures set forth in the 1892 act, it permitted it to accept as payment an equal amount of outstanding state bonds.⁶⁶ Aside from the sale of the B & O preferred stock in 1898, there was little further activity, notwithstanding this act, until 1906 when, after a great deal of contention, the state was able to dispose of the Washington Branch stock.

The state, as noted, owned 5,500 shares of the Washington Branch stock, with a par value of \$100 a share. The stock carried a 10 percent dividend, which made it an attractive investment in light of the 3-4 percent rate on state bonds. In 1897, however, the B & O stopped the dividends. The railroad claimed that it needed the money in order to help finance the cost of a new terminal in the District of Columbia; the state argued that the railroad's action was arbitrary and filed suit.⁶⁷

By 1906 the situation had become tense and, indeed, a bit nasty. The state was holding an unproductive stock that it was unable to sell, primarily because no one but the B & O had any idea of its value. At some point the B & O offered \$200 a share for the state's Washington Branch stock, an offer the state rejected. In early 1906 the General Assembly got into the act. By joint resolution 1, adopted 21 February 1906, it appointed four of the state's leading lawyers to assist the attorney general in prosecuting actions against the B & O to compel it to pay certain moneys alleged to be due to the Washington Branch and to the state. The resolution also designated a joint special committee to "thoroughly inquire into the value of the shares of stock owned and held by the state . . . in the Washington Branch . . . and into the policy on the part of the state of selling or retaining the same."

The legislature appeared to be in dead earnest. It conferred on the joint committee the power to compel the attendance of witnesses and the production of records, to administer oaths, and to report to the House of Delegates sitting as the grand inquest

64. Acts of 1890, ch. 362.

65. Acts of 1892, ch. 310.

66. Acts of 1896, ch. 172.

67. BPW Subject File, MdHR 40242-6.