

State of Maryland
 Executive Department
 Annapolis July 5th 1857

Hon. Gen. Nelson
 G. V. M. Mason

Gentlemen.

I have received your letter of the 2^d inst. asking for an explanation of the instructions given in my letter of the 29th ult. in reference to the proposed enquiry into the matter of the Extra Dividend recently declared by the Directors of the Balt. & Annap. Rail. Road Company with the view to the institution of legal proceedings, if deemed necessary for the protection of the State interests therein involved.

You are entirely correct in supposing that in my letter of the 29th above referred to, I intended to submit for your examination and opinion only such questions as one of a strictly legal nature. My purpose was to cause an enquiry to be made, 1st into the legality of the Extra Dividend, and 2^d, whether any legal rights of which the State was possessed, or to which the State may be entitled were prejudiced by the late action of the Board on the subject referred to, and if so, to authorize you in the name of the State to institute such legal proceedings as would most effectually protect its interests.

With a view however to prevent any misapprehension, as to the scope of your enquiries, I have deemed it best to adopt literally your suggestions, and to give explicit instructions as to the points to which your preliminary enquiries may be directed, and upon which your opinion is desired.

You are therefore instructed, in the matter of the extra dividend recently declared by the Directors of the Balt. & Annap. Rail. Road Company to enquire 1st "Whether there existed at the time when the alleged profits accrued, and were appropriated, any such agreement, or state of circumstances, as justified at this date the declaration of a dividend based upon them" - 2^d "Whether there ever did exist, and to such an extent, any such profits, as to justify such a dividend at any period" and lastly "Whether there exists now any necessity for action on the part of the State, to test fully the questions above mentioned, as involved, in that of the legality of the dividend, if it is deemed to be questioned, or the payment of it restrained."

Should the last question be determined affirmatively, you are hereby instructed, without further delay, to institute such legal proceedings, as in your judgment, will prove most efficacious in protecting the State's interests in the matter above referred to.

Very Respectfully

Yours &c
 E. Matthews Ligon