

THE
PACIFIC RAILROAD.

A DEFENSE AGAINST ITS ENEMIES,

WITH

REPORT OF THE SUPERVISORS OF PLACER COUNTY,

AND

REPORT OF MR. MONTANYA,

MADE TO THE SUPERVISORS OF THE CITY AND COUNTY OF

SAN FRANCISCO.

DECEMBER, 1864.

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THE PACIFIC RAILROAD AND ITS ENEMIES.

A pamphlet entitled "The Dutch Flat Swindle," containing, among other pettifogging statements equally baseless, the minority report of J. H. Rogers, one of the Board of Supervisors of Placer County, having been recently published and extensively circulated, would seem to demand some notice from the friends of the Pacific Railroad.

The author very prudently conceals his name, as few citizens in the State would voluntarily peril their reputation as truthful and honorable men by signing a publication containing so many gross misrepresentations, demagogue insinuations, willful fabrications, and unmitigated slanders.

Before proceeding to notice the absurdities in the pamphlet, we beg to call attention to the sources from whence emanate the bitter, reckless and malignant personal opposition of the interested few, to the progress of the Pacific Railroad, which has developed itself in San Francisco.

At the time Congress passed the Act granting the franchise for a Pacific Railroad, with the subsidies which attended it, not a man on this coast could be found who was not, and had not been for years, a zealous friend of the work. Every newspaper in the State advocated the passage of the Bill, and had been for a long time urging and demanding, in the name of the People of California, the passage by Congress of a bill to secure the construction of a Pacific Railroad. After the Bill became a law the Company to which was entrusted the building of the Road in California, entered vigorously upon the gigantic work before them; and we may add that up to this time the California companies are the only ones which have laid down a rail of iron, or put in operation a single mile of the Pacific Railroad, from the Missouri River to the navigable waters of the Bay of San Fran-

cisco. But as soon as the Central Pacific Company sent into the field its engineers, opposition, founded on self-interest, began to develop itself.

The route was selected by the late Theodore D. Judah, then Chief Engineer of the Company, and who was conceded to be one of the most eminent of American railroad engineers. In his report published July 1, 1863, he says, that after carefully examining five different routes across the Sierra Nevada mountain, for the purpose of determining definitely which was the best and most feasible, and after having run for that purpose 1,365 miles of preliminary and locating surveys, he determined upon the route by Dutch Flat and Donner Lake, upon which he located the line by a careful instrumental survey, and the driving of stakes every hundred feet. But the route he decided the best did not meet the approbation of those living on other lines, which their self-interest considered superior to the one adopted. The location of the Railroad on that line would injure the stock of the Sacramento Valley Road and the capital invested in wagon roads on the Placerville route, and, therefore, those owning said stock and wagon roads, determined to oppose, to the extent of their ability, the progress of the Pacific Railroad.

The Sacramento Valley Railroad began by making an effort to force the Central Pacific Company to purchase that Road, and threatened, if it was not so purchased, that the Central Company would meet the opposition of the owners and managers of that Road at Washington, and in every market where its bonds were offered, or an attempt was made to purchase iron or rolling stock. This opposition was met at those points and successfully resisted by the agents of the Company.

Failing at Washington and in New York, the opposition of those parties was transferred to California, where they succeeded in uniting with them the wagon road owners on the Placerville route, the owners and managers of the Sacramento Valley Railroad, and of the projected railroad from Folsom to Placerville, and the Pioneer Stage line of McLane & Co., which, until the Pacific Railroad was completed to Newcastle, thirty-one miles, had almost held for years the monopoly of the passenger and bullion trade with the Territory of Nevada.

The individuals representing these interests, have, of course, produced noisy, active, factious and unscrupulous opposition to the progress of the Pacific Railroad. To hinder and delay the completion of the work, was, with the individual owners of the private interests named, a matter involving dollars to a large amount. Unless the Sacramento Valley Railroad could interpose obstacles to the advance of the Pacific, until it could extend its line further into the mountain region, its stock would become comparatively valueless. The wagon road owners on

the Placerville route, collected in tolls on the Nevada business, by estimate, over a million dollars, in 1863. The Pioneer Stage line of Louis McLane & Co., received for the transportation of express, passengers and treasure, a sum which must have nearly, if not quite, equaled another million. The completion of fifty miles of the Pacific Railroad would divert the freight, travel, express matter and Overland mail from the Sacramento Valley Railroad and the Placerville line, to the Dutch Flat and Donner Lake line; and hence it was a matter embracing hundreds of thousands a year, if not millions, to those companies, to keep back, as long as possible, the Pacific Railroad.

As a natural consequence, where individual interests exist to stimulate action, every move of the Pacific Company looking to an advance, has encountered the opposition of this active combination.

When the bills to authorize certain counties to subscribe to the stock of the Road were before the Legislature, they encountered this opposition; when the question was submitted in each county, a marked influence from the same quarter was exerted to defeat the proposition. In the City and County of San Francisco, this individual opposition was active, virulent and determined; but the honest desire of the people to aid the Pacific Railroad, influenced them to cast a vote of over two-thirds for the proposition.

Not content with the popular verdicts in the counties, the interested opponents resorted to the law's delays to hinder and obstruct the Pacific Road; and a few of her own citizens banded together and assailed the people of San Francisco with that class of vile epithets about bribery and corruption, which broken-down political demagogues are in the habit of heaping upon the men who have been instrumental in defeating their ambitious and corrupt designs.

The first appeal to the law was made in the county of Sacramento, under the auspices of the Sacramento Valley Railroad, the Superintendent of that Road being the plaintiff. It failed on every point.

The next trial was in Placer county, where the Secretary of the Auburn Extension of the Sacramento Valley Railroad was plaintiff. This effort also signally failed—the Courts fully sustaining the law authorizing the subscription.

Next in order came the case raised in San Francisco, by the same factious combinations of interest, to test the constitutionality of the Acts of the Legislature; the drayman of George H. Bragg, President of the S. V. Railroad being the plaintiff, After all the delay which the law would allow had been obtained—the case came to a hearing, and was decided by the Supreme

Court in favor of the constitutional and binding effect of the statute under which the people voted.

Finding the decision against them, and a mandamus ordered, the Board of Supervisors, who had apparently been controlled by the opposition combination, proposed a compromise, which was accepted by the Pacific Company, but before it was consummated the same interested parties again intervened, to hinder and delay; and again the Supreme Court declared in favor of the legality of the proceedings, and directed another mandamus to issue, ordering certain officers to issue the bonds voted by the people; but as the members of the Board of Supervisors were not included, a portion of that body still remain contumacious, and will probably so continue until another mandamus is served on them.

We take it that no unprejudiced man in San Francisco supposes the men who instituted those suits, or that the portion of the Board who refuse to issue the bonds voted to the Road by the people, are influenced in the least by a desire to promote the public good. They are moved by individual interests, and the leading spirits well know that there is not the remotest probability of defeating the final issuing of those bonds. To delay and obstruct the advance of the Pacific Railroad, is all they expect to accomplish.

To a certain extent it must be admitted that the faction in opposition has, with the aid of a portion of the Board of Supervisors of the City and County of San Francisco, the labor of the lawyers they employed, and the free use of their money, succeeded in obstructing the advance of the railroad. Had those bonds, voted by the people of San Francisco in May, 1863, been delivered in accordance with that vote, and the law, they would have been in the hands of the officers of the company more than eighteen months ago, and the Pacific Railroad would now have been running twenty miles beyond Newcastle, its present temporary terminus. Whether this delay has benefitted the citizens of San Francisco, or the owners of rival stage lines, wagon roads and railroads, those having business relations in Nevada can determine for themselves.

As the completion of the road thirty-one miles has operated to reduce the price of passage to Virginia from twenty-eight dollars to fifteen, they can easily figure how much more will be gained when the railroad reaches a point fifty miles from Sacramento. Estimating the passengers each way daily at fifty, and the saving to the traveling public is \$1,150 per day, equal to \$420,000 a year. Were the railroad extended twenty miles above Newcastle, the saving to the traveling public would prove very much greater than the above figures. It would also command the express business and the overland mail. Every ten

miles of the road which the Company build up the mountain, is sensibly and advantageously felt in San Francisco. Hence her citizens are deeply interested in all movements intended to push forward the Pacific Railroad.

These active opponents to the national bond of Union in the Bay City, because its progress is calculated to affect their pockets, probably do not exceed twenty in number; but their activity, and appearance in so many different positions, are calculated to lead to the conclusion that their number is greater. They present themselves in so many anonymous shapes that even friends of the great national work are so far deceived as to conclude they represent a considerable portion of the community. Their favorite mode of procedure, however, is like that of other pettifogging demagogues—to assail, vituperate and charge those in their way with having committed fraud, bribery and other kindred sins; heaping, to the extent of their capacity, personal abuse upon the management of the company, and its officers, through the columns of a paper always open to their effusions, and to represent them as engaged in building a branch road from Dutch Flat to Sacramento, for the benefit of the Dutch Flat Wagon Road. Occasionally the tune is varied by an attack on the route, as being impracticable; and representing the inability of the company to build the Pacific Railroad on a line so expensive, with the money it has at command. Such objections, carping and unfounded accusations, are never made by the friends of the Pacific Railroad. They are advanced solely by those who would defeat the enterprise, if it were in their power, to promote their individual ends. But they will fail to accomplish their sordid and unpatriotic intentions. The Pacific Railroad will steadily advance in spite of their desperate and malignant opposition.

The administration of the affairs of the Company by its officers, is fully vindicated by the steady progress of the road, and by the confidence manifested by the stockholders. They have, since 1862, in the face of the enormous rate of exchange, and the disturbances in business and financial circles, caused by the gigantic war in which the Government is involved, to put down rebellion, purchased the iron, chairs, spikes and rolling stock for sixty miles of the road; completed, and have for months been running thirty-one miles of it; and all this has been accomplished without the assistance of Government subsidies, or aid from the State; and only to a limited extent employing the bonds received from the Counties of Sacramento and Placer. In addition, the company has expended \$200,000 in grading and opening deep cuts on the line beyond Newcastle.

We ask the enemies of the enterprise to point to a single railroad in the United States, commenced since this war was inaugurated, which has been as successfully managed.

As an evidence of the confidence reposed in the Directors, at the late annual election, out of 14,985 votes, 13,392 were cast for the members of the old Board, and not a single one against them.

The talk about the "Dutch Flat swindle," and that the road is a Sacramento concern, is as silly fustion as was ever uttered by desperate partisans. The company is bound by its charter, and by the condition upon which the Government subsidies are conferred, to build not less than twenty-five miles a year, until the road crosses the Sierra Nevada. A nearly similar condition is imposed by the State law, intended to aid the work.

The present terminus of the road is at Sacramento, but he must be a very short sighted man who does not see that it can only remain there temporarily, and that its main business now concentrates in San Francisco, as if the road itself terminated on Front street. No other result can follow, and he who questions it, simply exhibits his enmity to the Pacific Railroad, or his ignorance of cause and effect. In the progress of events, the Pacific Railroad must and will have its terminus in San Francisco; but until that time arrives, the business it performs reaches the city almost as directly as if the main depot of the company was located within the corporate limits.

DUTCH FLAT ROAD.

Another of the weak devices of the enemy, is the assertion that the officers only intend to complete the Pacific Railroad as a feeder to the wagon road which has been built from that point over the mountain, by a few of the stockholders. This mean insinuation is so fully answered in our general remarks, as to render it unnecessary to add much more.

To build that wagon road as an auxiliary to the railroad was a necessity. Without it, the railroad would have found no outlet for its business, while being constructed on the mountains. With its aid, a complete line has been opened across the mountains, the first effect of which was to reduce the price of passage to Virginia from \$28 00 to \$15 00, saving thereby to the public some hundreds of thousands per annum. The road is conceded to be superior in grade and work to any ever built over the Sierra Nevada, and over its smooth surface passengers are conveyed to and from Virginia, in from three to four hours less time than by any other route. It cost the company which constructed it some \$200,000; and it may be pronounced not only a success, but a public benefit. Up to this time the proprietors have expended all its earnings in improving the road, though it was built with the expectation that it would prove good property

until it was superseded by the advance of the railroad. The company will push forward the railroad as rapidly as the money can be commanded to perform the enormous amount of work required to prepare the road bed in the mountains. They have now lying on the levee at Sacramento, and at points along the line, all the iron, chairs and spikes required to finish the sixty miles, and enough contracted for to lay it ten miles beyond Dutch Flat. They have also ties enough on the ground to lay iron fifty miles. The idea that the Pacific railroad is to terminate at Dutch Flat—that it is a Dutch Flat swindle—is a very silly invention of the enemy. Its course will be steadily onward, and literally upward, as the road at Newcastle is a thousand feet above the level of Sacramento.

ALLEGED FRAUD IN THE COMPROMISE.

It is asserted by those in hostility to the railroad, that the late compromise was fraudulently obtained. The assertion is based mainly upon the affidavit of Rogers, who is the man who signed the minority report, as one of the Supervisors of Placer. He seems to have lent himself voluntarily, or for a consideration to the opponents of the Pacific Railroad. A simple statement will prove his affidavit, wherein he says "he is informed and believes that the Central Pacific Railroad Company has never called in more than ten per cent. of the capital stock subscribed, and issued to the stockholders of said corporation, as assessments on said stock," to be untrue. This man Rogers, was one of the Supervisors of Placer County. That county subscribed for \$250,000 of the stock of the company, and according to the terms of the Act the bonds were to be issued as the assessments of ten per cent. were ordered by the Directors. The county bonds were delivered in sums of \$25,000, as the time within which assessment was to be paid, expired as per advertisement. As each payment fell due, the members of the Board of Supervisors, including Rogers, who never failed to be on hand, were present, and delivered the bonds when they were satisfied, by examining the original order, made by the Board of Directors, that they had been called for. In one instance, the time lacked a day of having expired, and the members of the Board, Rogers being one of them, determined to wait until the next day before they would deliver the installment of \$25,000. In this way the Supervisors paid over the full amount of ten assessments of ten per cent. each, making the sum of two hundred and fifty thousand dollars in the bonds of Placer County. In view of these facts, which are of record, it clearly appears that this man

Rogers signed the affidavit in which he swore that he believed only one assessment had been levied, knowing it to be false.

So far as the compromise is concerned, it was proposed by the Board of Supervisors as being more advantageous to the city than to subscribe for the \$600,000 in stock, as it relieved the people from all further liability, and was accepted by the Company for the purpose of securing harmony. The ordinance to carry it into effect was passed by a vote of nine to two, and the Supreme Court has declared it legal and constitutional. The members of the Board who voted for that ordinance, violated the pledge they made the Company, when they refused by their votes to perfect the arrangement. Whatever of bad faith and fraud have attended the transaction, rests upon the shoulders of the members of the Board who first approved the compromise by their votes, and then refused to consummate it.

In support of the correctness of this position, we would direct the reader's attention to the following affidavit, made in due form by the gentlemen whose names are signed thereto. It is a full and perfect vindication of the officers of the Central Pacific Railroad Company, on the compromise proposition. They asked through their President, for a subscription to the stock, and not for the compromise:

City and County of San Francisco, ss:

James McM. Shafter, T. Dame, E. N. Torrey and A. H. Titcomb being severally sworn, each for himself says: I was present when Leland Stanford, President of the Central Pacific Railroad of California, arranged the compromise between that Company and the Board of Supervisors of the City and County of San Francisco. There were present Hon. H. P. Coon, Mayor; Messrs. Bell, Titcomb, and Torrey, committee of said Board; Leland Stanford and Timothy Dame.

The Mayor stated the object of the meeting, and requested said Stanford to make a proposition for a compromise, to which said Stanford replied that he could make no proposition—that all his Company desired was that the mandate of the Supreme Court should be obeyed, and the subscription made; that he was unwilling to put the Company in the attitude of appearing to desire that the City and County of San Francisco did not desire to be a stockholder in the said Railroad Company; that if the said City and County did not desire to be a stockholder she must make it manifest.

After some conversation of a desultory character, being again requested to make a proposition embracing the terms upon which the Company would compromise, said Stanford replied that he could not do so; that he considered the subscription if made, was better for the Company than any compromise

could be, and that he would entertain no proposition for compromise unless he was assured by the Committee then present that if any compromise was agreed upon, the Committee should do all in their power to carry it out in good faith; that he was unwilling to jeopardize a certainty for an uncertainty. He contended that the assessment to the par value of stock of said Railroad Company had been levied; that as a consequence, the full amount of \$600,000 was due; and further, that he was assured by counsel, and believed that said Company were entitled to interest from the time when they had become entitled to the bonds. After some further conversation of a general character, the Committee finally made the proposition which was accepted.

J. McM. SHAFER,

T. DAME,

E. N. TORREY,

A. H. TITCOMB.

Sworn before me, this 28th day of November, 1864.

GEORGE T. KNOX, Notary Public.

INSPECTION OF BOOKS.

One of the grounds of complaint against the Company, by the enemies of the road, is that the officers of the Company refused to permit them to examine and make such extracts from their books, as would suit their purposes. The books of a Railroad Company are not, like those in public offices, open to the inspection of the public. The law, however, provides that the book containing "the record of corporation debts," and "the book of stockholders," shall, at all times, be open to the inspection of stockholders and creditors; thus implying that the others are private, and may or may not be permitted to be examined, as might be determined by the officers of the Company. The provisions of the law have always been complied with by the Company, but it has properly refused to permit those hostile to the work in which they are engaged, and who were neither stockholders nor creditors, to take possession of its books, place them in the hands of an expert employed by them, to search for items for publication, which, unaccompanied with explanation, were calculated to injure those dealing with the Company and the enterprise in public estimation. Had the officers of the Company consented to thus place their books in the hands of their enemies, they would have subjected themselves to the charge of being totally incompetent to discharge the responsible duties imposed upon them by the positions they occupy. The books of the Company, however, have been examined by the Supervisors of Placer county, with the full consent of the officers. The

members of that Board occupied ten days in the work, and made a thorough and searching investigation of the affairs of the Company, and a majority, consisting of Supervisors Scott and Madden, submitted a full report to the people of Placer, in which they bore ample testimony to the fidelity, energy and good faith with which the affairs of the Company had been managed. Supervisor Rogers made out, with the aid, as we have reason to believe, of agents of the Sacramento Valley Railroad, a minority report, which was published in the Bay City, for the gratification of those hostile to the Pacific Railroad. And strange as it may seem, this minority report of Rogers was made part and parcel of a petition filed in the Supreme Court for a rehearing in the last case where a mandamus was ordered.

This hue and cry about the refusal of the Company to permit its books to go into the hands of its enemies, is well illustrated by rebel sympathisers, when they charge the National Government with depriving them of the right of free speech, because they are not permitted to preach treason. It is only heard from those hostile to the Pacific Railroad, and, therefore, entitled to no particular attention or consideration. As the report of the majority of the Board of Supervisors so triumphantly answers all charges against the management of the Company, we herewith reprint it. [See Appendix.]

BRIBERY OF VOTERS.

The charge made in the pamphlet that the people of San Francisco were bribed to vote for the Pacific Railroad proposition, will be disposed of in a few words. It is too absurd in itself, and too insulting to the people to require any formal refutation. It is simply an atrocious and wholesale slander of the voters of San Francisco, which has been published by an interested few of their fellow-citizens. The slander was not uttered by strangers, but by men claiming to be citizens of San Francisco, who in their frantic efforts to defeat a great public enterprise, and put money in their purse, do not hesitate to propagate infamous charges against their fellow-citizens. Such venomous assaults the people of the Bay City may and will treat with contempt. They are very well aware that they originate with men whose private investments are endangered by the advance of the Pacific Railroad. They are also equally as well aware that the anonymous articles which have from time to time, for the past two years, been published in a city paper, maligning its management, and misrepresenting the progress of the work, sneeringly calling it the "Dutch Flat Humbug," "the Dutch Flat Swindle," "the Sacramento Branch," etc., were written by

those deeply interested either in the Sacramento Valley Railroad, the Placerville route wagon roads, or the Pioneer Stage Line. They know that if the facts could be exposed, the assaults which have been made on the people of San Francisco, and the Pacific Railroad and its management, would be fastened upon parties who are personally vitally concerned in delaying the progress of the work, or by their paid agents. And they further know that the election, when the question of aiding the Railroad was to be decided, was fairly submitted before the people. Those opposed were active in canvassing to defeat it, but signally failed, notwithstanding money is believed to have been freely employed to accomplish that object. The friends of the measure also labored zealously to carry it; and they succeeded by a majority of two-thirds, for the mass of the people were and are friends of the National enterprise. This large majority was obtained on the merits of the question, as no means were employed by its friends beyond those which are legitimate and common in conducting elections. Not a dollar was expended by the Company to purchase votes or voters. The officers of the Company never presumed to insult the people of San Francisco by attempts to bribe them to vote aid to the Pacific Railroad. They were appealed to as friends of the enterprise, and they responded cheerfully and nobly; and had their public agents discharged their duty as sworn officers, the bonds would have long since been delivered, and the fair fame and character of the city vindicated. As the case now stands the reputation of the people of San Francisco has suffered by the unjustifiable and illegal acts of a portion of her Board of Supervisors. The course of that body has subjected some of its members to the suspicion of being more anxious to preserve the fortunes of a few capitalists, than to promote the public good, or the general welfare of the city.

We reiterate that the election was in every respect properly conducted, so far as the friends of the measure and the Railroad Company were concerned, and the vote stood—

For the proposition.....	6,329
Against it.....	3,118
Majority.....	<u>3,211</u>

Or over two-thirds. The majority demonstrated that it was given by those who were honestly in favor of the Pacific Railroad, and were ready to say, by their votes, that the city should aid it to the extent proposed.

The Company by their energy in prosecuting this great work, are justly entitled to the hearty support of the people of California, and especially the citizens of San Francisco. None are so directly interested in the speedy completion of the Road, as

the property holders, business men and mechanics of that city, and they should be the last to raise a voice or lift a finger against it. It is a suicidal policy on their part to aid or encourage its enemies in their efforts to delay the work. On the contrary they should extend to the Company every aid in their power, not only by words of encouragement, but by material aid in subscribing to its capital stock, purchase of its bonds, and in every other way by which the work can be urged forward. More especially should they frown down every attempt to delay it.

It is the only company organized to build a railroad over the Sierra Nevadas; and one thing is certain, no other company can ever obtain the material and State aid which has been extended to it, and without such aid, the Road can never be built. The Directors are men of character and property, and well known throughout the State for their integrity and business capacity. All the assaults of interested enemies has not shaken in the least the confidence reposed in them by the stockholders of the Company and the friends of the enterprise. The work already done is a complete refutation of the slanders of their enemies.

The Road is a National one, fostered and sustained by the Federal, as well as the State Government, and the Company deserve, and should receive the encouragement and support of every lover of his country.

A FRIEND TO THE PACIFIC RAILROAD.

THE PACIFIC RAILROAD.

REPORT TO THE BOARD OF SUPERVISORS OF PLACER COUNTY IN RELATION TO THE CENTRAL PACIFIC RAILROAD OF CALIFORNIA.

In pursuance of an order made, passed and entered upon the records and minutes of the Board of Supervisors of Placer county, on the 18th day of August, A. D. 1864, we, the undersigned, Committee appointed and designated in said order, on the 7th day of September, following the date of said order, entered upon the labors and duties thereby imposed upon us; and after a full, careful and diligent examination of the books, records and papers of the Central Pacific Railroad Company of California, at their office, in the city of Sacramento, present the following report as the result of our investigations:

Charges having been made in a petition to the Board of Supervisors of Placer county, "that the persons residing in this State, named in the Act of Congress, incorporating the Central Pacific Railroad Company, and granting to the Company certain rights and privileges, have assumed that such grants were made them as individuals, and have also assumed to sell the same to the Company incorporated under the laws of this State, as the Central Pacific Railroad Company, and have received in pay therefor a large amount of the paid up capital stock of said Company; such amount extending to a number of millions of dollars, and that such a transaction would be a great fraud of the interests of Placer county as a stockholder of the corporation."

The following are the names of the persons who, we presume, are referred to by the petition, and whom it is intended to charge with having sold the privileges derived from Congress, and received stock in pay therefor, to wit: S. J. Hensley, Peter Donahue, C. P. Huntington, T. D. Judah, James Bailey, James T. Ryan, Charles Hosmer, Charles Marsh, D. O. Mills, Samuel Bell, Louis McLane, George W. Mowe, Charles McLaughlin, Timothy Dame and John R. Robinson. Those are the only persons named in the Pacific Railroad Act, passed by Congress, who reside in this State. Nearly all of those persons are men well known to the public, not only in this State, but throughout the Pacific coast and many of the Atlantic States, and whose high character and respectability is a sufficient refutation, in the opinion of this Committee, of these or any other charges of a similar nature that may be brought against them. The Act of Congress grants these privileges and makes these donations directly to

the Central Pacific Railroad Company, as a company or corporation, and not as individuals; and every man of ordinary intelligence knows that a deed or transfer of real property, to be legal, notice must be put upon the records of the county in which the property is situated; and as the greater portion of the lands upon which this franchise, grant or privilege is fixed are lying in Placer county, it seems, in the minds of this Committee, that the records of said county would be the proper place to ascertain the truth or falsity of the charge.

THE BOOKS EXAMINED.

We have carefully examined the books of the Company, relating to its stock transactions, and find that no stock was ever issued to Messrs. Hensley, Donahue, Ryan, Hosmer, Bell, McLane, Mowe, McLaughlin, Dame or Robinson. It does not appear that they ever had any dealings in the stock of the Company. It appears from the books of the company, that Messrs. Huntington, Judah, Bailey, Mills and Marsh have owned stock in the Company; all of them being among these who first organized the same. But the stock held by them has been subscribed on the books, in the same manner as the stock held by other stockholders, to be paid for like other stock. The amount of stock held by them is not large, and evidently not beyond their ability to pay, and the greater part of it has already been paid by them.

WHAT THE BOOKS SHOW.

We found the books of the Company kept in a clear, plain, legible manner, and had no difficulty in ascertaining all the facts relating to the stock transactions of the Company, and we are fully satisfied that the charges made in the aforesaid petition, are entirely without foundation, evidently a machination of the brain of some individual who has no regard for the true interests of Placer county, as a stockholder in said Company.

ALLEGED DELAYS.

It is also charged in the petition, that the affairs and business of the Company are not conducted in a way to construct the road speedily and economically. In relation to this matter the officers of the Company fully explained to us the difficulties and opposition they have had to contend with, not only in the halls of Congress, in our State Legislature, but in effecting private individual negotiations, and how they had surmounted them. The enemies of the enterprise, resorting to all kinds of means to hinder and delay the work, and to prevent the Company or their

agents from raising the money necessary to build the road. And as another impediment in the way of effecting monetary negotiations at this time, it is well known that the war has to a very considerable extent deranged the financial system of our Government; besides this, the Government to meet the immense expense of keeping our vast armies in the field, and other unavoidable expenses of its machinery, has, to a very considerable extent, absorbed the available capital of the country, thereby rendering it the more difficult for a corporation to raise the means to carry on a great work like this. The high premium on gold has been another obstacle in the way. Under all these circumstances, in the opinion of your Committee, the officers and agents of the Company are entitled to much credit for the rapidity with which the work has been carried on thus far.

THE DIRECTORS VINDICATED.

We are satisfied that the Directors of the Company have used the means under their control to the best advantage they could, and that they have faithfully and economically applied the same to the building of the road. They fully explained to us all matters affecting the interests of Placer county, and gave us free access to all books, papers and accounts relating to the business of the Company. There can be but little doubt that the Company will soon have sufficient means to press on the construction of the Road, and the officers give us every assurance that they will do all in their power to complete it as fast as possible, with a due regard to the economical application of the means at their disposal. The important litigation with regard to bonds of the city and county of San Francisco, having terminated successfully, this aid, together with that from the United States Government, and the State of California, will soon be available to the Company. We are satisfied that the interests of Placer county as a stockholder in this great work, are entirely safe in the hands of the Company, and have suffered no injury from or by any actions of its officers. It has been rumored that the Company had disposed of the lands donated to it by Act of Congress, to the Directors of the same. We have made proper inquiry into the matter, and have not found the slightest evidence that such is the fact, except in one or two instances, where small tracts of land have been sold to parties not stockholders in the Company, one of which is a forty acre lot, to S. T. Leet, at the town of Newcastle, the present terminus of the road. No patent for lands has yet been issued to the Company, and the Directors state it to be their intention not to sell lands, except perhaps in a few exceptional cases, until they have acquired a full and perfect title.

POSITION AND RESOURCES OF THE COMPANY.

The Company have now on hand about three thousand (3000) tons of iron, and about eighteen hundred (1800) tons purchased, a part of which is now on the way from the East, with the proper amount of chairs and spikes, which will be sufficient to lay the track from Newcastle, its present terminus, to about eighteen (18) miles above or beyond Dutch Flat. They also have sufficient redwood ties to lay twenty-two (22) miles beyond Newcastle. The Company have now on hand sufficient rolling stock, including locomotives, passenger, baggage, and freight cars, to stock the road from Sacramento to Dutch Flat. This rolling stock and material has all been purchased and paid for. The road, so far as completed, is in excellent order, and we do not hesitate to pronounce it much the best road on the Pacific coast, and but few roads its equal in the United States. Through the care and diligence of the employees upon the road, its business is conducted with regularity and dispatch.

WHAT HAS BEEN DONE.

The Company has also constructed a telegraph line, as required by the Act of Congress, which is now in working order from Sacramento to Newcastle; thus completing thirty-one (31) miles of railroad and telegraph under the law of Congress. This entitles the Company to Government bonds amounting to one million two hundred and sixty-four thousand (1,264,000) dollars. They also have the right to issue one million five hundred thousand (1,500,000) dollars of their own bonds, on which the State of California pays the interest, and are entitled to four hundred thousand (400,000) dollars of the bonds of the City and County of San Francisco. All of which, amounting to three millions one hundred and sixty-four thousand (3,164,000) dollars, will soon be available to grade the road beyond Newcastle, and the proceeds of which will be expended in Placer county as rapidly as it can be economically done. These means, together with the proceeds of the lands which they will soon be able to put in the market, and the receipts from the business of the Railroad, and from stock subscriptions, will be ample to construct expeditiously many miles more of the road. The fact that the Company has pushed on the work with energy up to Newcastle, gives assurance that, with the means at the control of the Company, the road will soon be completed to Dutch Flat, and perhaps beyond that point. The expenditure of this large sum of money, and the business of the Railroad, will have a most beneficial effect upon the interests of Placer county, adding many thousand dollars to the taxable property, as well as greatly increasing the business and general prosperity of the whole country.

DEBTS OF THE COMPANY.

As to the debts of the Company, we find that, besides a few small debts to individuals dealing with the Company, in the aggregate about two hundred thousand dollars, the only liability is upon the Company's bonds for one million five hundred thousand dollars, secured by a mortgage upon the first fifty miles of the road. This debt is certainly very small compared with that of other railroads, when we consider the large amount of railroad iron and other material purchased, paid for, and not yet laid down.

The present means of the Company can be applied almost exclusively to the grading of the road bed, and, economically used, it will construct many miles of road, sufficient to push it so far into the mountains as to turn the whole of the immense traffic to Washoe, and other mining localities in Nevada Territory, through the county of Placer. It is well known that Congress granted the timber land on each side of the railroad to the Company, and many of our citizens residing on the lands have felt some anxiety to know what course the Company intend to pursue in relation to this timber. The Directors assured us that they had no intention of preventing the cutting of timber, necessary for mining and domestic purposes, by those actually residing on these lands; but that they must see that there was no wanton destruction of the valuable timber thus granted to the Company; that they desired to make this timber, as far as possible, available towards building the road, and to furnish business in the way of transporting lumber, shingles, wood, etc., to market; and further, that they expected to charge parties a reasonable stumpage for the timber, and that they had found no difficulty in making arrangements with the owners of saw-mills, who had, so far, readily acceded to the terms proposed by the Company.

THE BEST ROUTE.

Citizens of Placer county who are familiar with the country along the old Truckee emigrant road, have long known that Placer county had the best route for a road over the mountains of any in the central portion of the State. Some effort has been made in times past to construct a good road over it, but the great cost and want of capital has prevented it; in the meantime, El Dorado county, with the help of Sacramento county, procured legislative aid, improved the route through the former county, and thus obtained the start of Placer county; the result of which has been that though having far the best route across the mountains, Placer county is decreasing in population and taxable property; while El Dorado county being thus permitted to almost entirely monopolize the immense trade east of the

Sierra Nevadas, is adding many thousands of dollars to her tax list, and many of her citizens are accumulating large fortunes from the revenues derived from the toll-roads and other sources incident to this vast traffic across the mountains. The explorations made by the engineers of the Central Pacific Railroad Company, to find a suitable line for a railroad over the mountains, has sufficiently proven the superiority of the Placer county route.

In building the railroad, it became a matter of no inconsiderable importance to the Railroad Company to have a good Wagon Road as an outlet from the termination of the railroad as it progressed over the mountains. To accomplish which, citizens of Sacramento, associated with some of our own citizens, have constructed one of the best mountain roads in any country, from Illinois town over the mountains, at a heavy cost. This road was opened for travel this last summer, and soon after the California Stage Company put on a daily line of six-horse stages running from the present terminus to Virginia City, Nevada Territory; and, in consequence of the superiority of the roads, they have been able regularly to make the trips in from four to six hours less time than any other company by any other route.

RELATIVE SPEED.

A recent trial of speed between the two rival routes, in which the time over the Placer County beat the El Dorado route about nine hours, has settled the question of superiority of our route. All travellers over the new roads speak of them in the highest terms of praise. Hotels, dwellings, sawmills, and other improvements are being rapidly erected through the county along the line of this road; and we may well look to a rapid increase of our population and taxable property by this means. Already a large proportion of the freight over the mountains passes over this new route, some teams taking even ten tons to a load. As its advantages become better known, and the railroad is extended, we may expect soon to see all the immense trade of Washoe Reese river and the Humboldt passing through our county. The officers of the Railroad Company exhibited to us the maps and surveys of the railroad line over the mountains, and these, taken in connection with our own knowledge of the country through which the line has been located, leave us without a doubt as to the practicability of the route, though the construction of the road must necessarily incur a heavy expense, but perhaps no greater than many of the mountainous portions of railroads in the Atlantic States, making a proportional allowance for the difference in cost of labor and material here and there.

COURSE AND DIRECTION OF THE ROUTE.

The line, as surveyed, follows the ridge above Newcastle to the Bloomer ranch, where it passes through the divide into the ravines at the head of Baltimore and Auburn ravines, passing the town of Auburn, following the ridge near Neilsburg, and not far from Illinoistown it crosses Long Ravine to the ridge between Bear river and the North Fork of the American river; thence it keeps up this ridge, passing near Secrettown, Gold Run, to Dutch Flat; thence along the side of the ridge by Zerr's ranch to the valley of the South Yuba; thence it follows the valley of the Yuba, through Summit Valley to a low pass through the summit known as the Donner Pass, above Donner Lake; from there it winds down the mountain on the opposite side around the head of Fremont's Canon around into Cold creek; thence down to the Truckee river, and following the valley of the Truckee into the great basin beyond.

KEEPING THE ROAD OPEN.

Fears are entertained by many that there will be great difficulty in keeping the road by this route from blocking up during the heavy winter snows. As the snows on this line are lighter than many of the various routes, and no deeper than any other in the central part of the State, there will be no more difficulty in traveling this route in the winter than any other, and no more expense in keeping it open.

The officers of the Wagon Road Company assure us that it is their intention to keep it open for stages and teams all winter.

FAVORITISM.

It is charged that the Directors of the Railroad Company had awarded contracts for work on the road to favored contractors, to the injury and at the expense of other stockholders in the Company. Upon examination of the "Book of Corporate Debts" of the Company, and of the contracts and specifications on file in the office of the Company, we find that the greater portion of the work has been let to one individual; but that he has received a greater price for labor done and material furnished than others, or that there has been any favoritism shown in awarding contracts, there is nothing upon the books and papers to show; we are therefore satisfied that the Board of Directors, in letting contracts, as well as in other matters pertaining to the building of the road, have exercised a just and proper regard for the true interests of each and every stockholder in the Company.

OPPOSITION TO THE ENTERPRISE.

That counter interests would arise and opposition spring up, not only at the commencement and each step in the progress of a great enterprise like this, was doubtless anticipated by those who originated and gave it vitality. The enmity and ill will of rival railroad companies, parties directly and indirectly interested in toll roads, upon pretended rival routes, and citizens of counties through which these routes run, was all to be expected; but that there should an opposition grow up in a county that is a large stockholder in the road, and is to derive, perhaps, a greater benefit and advantage than any other county, from the building of the road—a county whose future welfare and prosperity almost wholly depends upon the successful completion of the work, is, to this committee, most strange and unaccountable. We would most willingly believe that citizens of Placer County who have been instrumental in giving circulation to reports and rumors, having a direct tendency and probable object to destroy the credit and character of the parties to whom we must look for the success and construction of the work, were prompted by a desire to promote the real interests of Placer County, as a stockholder in the Central Pacific Railroad Company.

CHARGES OF BAD FAITH TO PLACER COUNTY.

But after making a full, careful and thorough examination of the books, records and papers of the Company—the investigation having been conducted in direct reference to the truth or falsity of these charges of fraud and bad faith to Placer County, as a stockholder in the Company, and failing to find anything in the transactions of the Company upon which to predicate even a suspicion that we were being dealt with unfairly by the Directors or others composing this Company, common justice to our fellow men, as well as a full sense of the duties devolving upon us as members of this committee, and as sworn officers of Placer County, force us to the conclusion that the originators and those who have understandingly given circulation to these charges, were not actuated by a proper desire to do justice, and are not friendly to the true interests and real welfare and future prosperity of Placer County.

For further information as to the progress of the road and the general condition of the Company, we would refer to the annexed sworn statement of the Secretary of the Central Pacific Railroad Company.

(Signed:)

A. B. SCOTT,
D. W. MADDEN,
Committee.

Auburn, September 15th, 1864.

SECRETARY'S STATEMENT.

The authorized capital stock of the Company is.....	\$8,500,000 00
The amount of cash subscriptions of the stock by individuals, and the amount issued and due to contractors for work done and material furnished, is	723,800 00
The amount subscribed by Placer County, is.....	250,000 00
The amount subscribed by Sacramento County is	300,000 00
The amount issued for purchase of iron, cars, etc., in the Eastern States, is.....	188,000 00
Total.....	\$1,462,500 00

The following items comprise all the indebtedness of the Company:

First mortgage bonds issued.....	\$1,250,000 00
Individual accounts (including advances made by the Treasurer).....	205,700 00
Pay rolls for the month of August and unadjusted accounts, not to exceed.....	25,000 00
Total.....	\$1,480,700 00

The assets of the Company are:

Amount due from stockholders.....	\$ 203,886 68
150 Placer County bonds.....	75,000 00
327 Sacramento County bonds.....	163,500 00
Amount due from San Francisco County, in bonds of the County.....	400,000 00
Amount due from the United States (on the thirty-one miles of railroad and telegraph line already built and accepted by the Government) in U. S. 30-year 6 per cent. bonds.....	\$1,264,000 00

Every alternate section of Government lands, except mineral lands, for twenty miles on each side of the road has been granted to the Company by the United States, and the Company is now entitled to a patent for the same, along the thirty-one miles of road already built.

By Act of the Legislature the State of California is to pay seven per cent. semi-annual interest in gold coin, on one and one-half millions of dollars, for twenty years, amounting to one hundred and five thousand dollars yearly, or in the aggregate to two millions one hundred thousand dollars.

Surveyed line of road to the eastern boundary line of the State cost \$66,740 66.

Thirty-one miles of first-class railroad and Telegraph line completed, with all the necessary side tracks, depot buildings, engine houses, tanks, turn-tables, railroad scales, derricks, etc.

Work on the line between Newcastle and Auburn, amounting to over \$50,000.

On that portion of the line from Newcastle to Bloomer Divide, all necessary culverts have been built of granite preparatory for the work of grading.

The work on the heavy cut of Bloomer Divide, sixty-three feet in depth, and upon the cuts and fills immediately above and below that point, has been steadily pressed forward by the Company for the last four months, with all the force that could be advantageously employed, and is now nearly complete. The work between Bloomer Divide and Auburn will be comparatively light.

Six passenger cars, two mail and express do., fifteen box freight do., twenty-five platform freight do., five hand do., and three construction do., are in daily use on the road.

Four passenger cars, two small and express do., eighty-four freight do., extra axles, car wheels, tires, etc., are shipped and on the way here.

Eight locomotives, five of which are in use on the road, and one of the others is now due, having been shipped nearly five months.

Shops, materials, and tools in shops, wood, coal, oil, etc., etc., \$25,000.

There is here and afloat, now due, iron sufficient to build thirty-two miles of road beyond Newcastle, and enough more has been purchased for twenty miles additional.

Chairs and spikes enough to build fifty-three miles of road beyond Newcastle are already delivered.

A sixty-horse power stationary engine, and machinery for a first-class machine shop has been bought.

Levee front in Sacramento City, from K street north, and Sutter Lake property, about thirty acres, north of I street, granted to the Company by the City of Sacramento.

BUSINESS OF THE ROAD.

Trains for the transportation of freight and passengers, commenced running to Newcastle on the 6th day of June last; since that time the business of the road has been steadily increasing. The earnings for the first three months were \$47,917 74 in gold coin.

The expense of operating the road, for employees on the trains and at the depots, and for wood, water, oil, etc., for the engines, has been less than three thousand dollars per month.

With an additional twelve miles of road, which will probably be completed by the 1st day of January next, the earnings of the road will be largely increased, while the expenses will be but little more than they are now.

(Signed:)

E. H. MILLER, JR.

Secretary C. P. R. R. Co. of California.

State of California, County of Sacramento:—E. H. Miller, Jr., being duly sworn, deposeth and says, that he is the Secretary of the Central Pacific Railroad Company of California, that as such Secretary he has charge of the books and papers of said Company; that the above statement was prepared by him, and that the matters stated therein are true of his own knowledge, except the matters therein stated upon information and belief, and as to those matters he believes them to be true.

(Signed :)

E. H. MILLER.

Subscribed and sworn to before me on this 14th day of September, 1864.

SAMUEL CROSS,
Notary Public, Sacramento County.

MONTANYA'S REPORT ON THE PACIFIC RAILROAD.

To the Honorable Board of Supervisors of the City and County of San Francisco:—The undersigned, one of the Committee appointed to visit Sacramento, on the invitation of the President of the Central Pacific Railroad Company, to make a personal examination of the progress and condition of said road, returned from Sacramento with another of the Committee (Mr. Torrey) on Saturday evening, January 23d, having in his possession the documents and memoranda containing the result of the Committee's investigations, and it was then understood between them, that some time would be fixed during the coming week, for a meeting of the Committee, for the purpose of deliberation, and to prepare their report; and it was with no little surprise, on repairing to this hall, at 9 o'clock on Monday evening, January 25th, that he heard that the report had been already submitted, signed by a majority of the Committee, without consultation with the undersigned, the Committee discharged, and the Board adjourned. Having had no opportunity heretofore to express his views on the subject under consideration, he begs leave to hereby submit the following report:

On arriving at Sacramento and calling upon the President of the Central Pacific Railroad Company, your Committee stated to him that they had brought with them Mr. Lincoln, an accountant and expert in book-keeping, for the purpose of examining the records, books and papers of the Company. The President replied that nothing of the kind was expected or intended in his

invitation to this Board, which was merely to make a personal examination of the progress and condition of the work of constructing the Central Pacific Railroad. He asked what was the object of such a minute examination? To which a member of the Committee replied that it was for the information of the Board, and for publication in the newspapers. Whereupon the President stated that to permit such a minute examination into the affairs of the Company, and such extracts from their private papers as a stranger, under such circumstances, might please to make for publication in the newspapers, seemed to him without precedent and improper; and that his sense of duty, as representative of the interests of the stockholders of the Company, would not permit it; but that he would submit the question to the Directors then in town, for their views, and give your Committee an answer, and for that purpose invited them to call again in the afternoon; then at the same time offering to make a verified statement of the affairs and financial condition of the Company, containing such information on any specific point as the Committee might desire, and to exhibit to the Committee all such books, records and papers as were requisite to substantiate the same; also expressing a desire to extend every facility for a personal examination of the progress of the work of grading and construction of the line of the road. As a member of that Committee, the undersigned did not consider his work ended, until he had discharged the chief duty of the mission, which he still understands to have been to make a personal examination of the *progress and condition of the road*, which could not have been done by the most critical examination of the books merely.

The day following the above interview, your Committee, accompanied by the officer of the Company, with a locomotive and tender passed over thirteen miles of the completed road; then taking carriages, they passed over six miles of the finished grade ready for the iron; passed the crossing of the California Central Railroad, and thence twelve miles of mountain road of heavier grade, not yet completed, to Newcastle Gap, altogether a distance of thirty-one miles from Sacramento; halting *en route* occasionally to examine the heavy cuts and fills, the numerous granite culverts, the substantial granite piers and bridges over Antelope creek and Dry creek; and thence three and a-half miles to Auburn.

Returning to Sacramento, two of your Committee (Torrey and De la Montanya) called at the office of the Company, when they were furnished with the written statement of the officers of the Company, which is herewith submitted, marked "A," and in connection therewith your Committee were offered an opportunity of examining all such records, books, contracts, invoices and vouchers as they might desire to substantiate the correctness of the same. The officers of the Company also offered to

verify the truth and correctness of said statement by oath, if the Committee desired it. Your Committee discovered nothing to cast any doubt upon the correctness of that statement (document "A,") and called for no verification thereof. They were all agreeably disappointed in the substantial character of the work, and the progress that has been made in the comparatively short time—less than twelve months—since the work was actually commenced, and they so expressed themselves at the time. Considering the difficulties incident to inaugurating and carrying forward such a work, especially in this time of civil war, with the finances of the country so deranged and depressed as to embarrass negotiation; to cause a large advance in the price of railroad iron and materials; to increase the risks and costs of transportation and insurance by sea; in the opinion of the undersigned, as the result of a careful examination of the whole matter, the condition of the work is creditable to the Directors and satisfactory to the stockholders; and in this connection he may safely go further, and congratulate this Board and the people of California on the prospect afforded them by the energy of this Company, of an early communication by railroad with the Atlantic States.

When we consider that but fourteen months have elapsed since the Company entered upon the work by an acceptance of the Act of Congress; that in that time so much has been accomplished—surveys settled, contracts let, iron ordered and transported seventeen thousand miles by sea, and hundreds of miles of inland travel; stately and enduring bridges built, spanning rivers and ravines; granite piers and arches fitted into, and becoming a part of the everlasting hills; thirty-one miles of the track graded, and thirteen miles of it completed and in active use; iron and materials for sixty miles of the road purchased and paid for, most of it received, and the remainder of it on the way and soon to arrive; six hundred and sixty-nine men and one hundred and nineteen teams daily employed in the work; eighteen miles fully graded and ready for the iron—nearly graded about thirteen miles more, with the prospect almost amounting to certainty that the whole of thirty-one miles of the road will be completed by the 1st of April next, which will at once secure an active business in freight and passengers, and a revenue; with six locomotives bought and paid for—one of them arrived and in use on the road; four others shipped and on the way; forty freight cars bought and paid for, twenty-five of which are received and seven in daily use; six first-class passenger cars, and two baggage cars, construction and hand cars, turn-tables, etc., and a variety of other property, real and personal, as stated in the exhibit, purchased and paid for, and on the way here; six thousand tons of railroad iron bought and paid for, with the freight thereon to this port—of which one

thousand six hundred and seventy-five tons have arrived, and much of it laid down. These are some of the items stated in the exhibit and herewith submitted, which attests the material progress of the work, and the vigor with which it is being prosecuted.*

The General Government has given its substantial aid to this enterprise to the extent of sixteen thousand dollars, in bonds, per mile, from Sacramento to the base of the mountains, and forty-eight thousand dollars per mile beyond that point, besides every alternate section of public lands amounting to six thousand four hundred acres for each mile of the road.

All subscribers to the stock of the Company, including the counties subscribing, share in the benefits of these donations, which apply to the cost of construction and enhance the value of the stock taken.

The amount of the capital stock of the Company is \$8,500,000. Of this \$1,364,000 has been subscribed, and \$997,400 has been paid in.

The majority report of your Committee, already submitted, is liable to create a false impression without some further explanation, wherein it is stated that the first fifty miles of the road are mortgaged to Eugene Kelly and David Dodge, thus carrying the impression that the road is already under a mortgage debt of \$1,500,000. Such is not the case. That mortgage of itself creates not one dollar of indebtedness, but was executed in advance, giving the road, with its rolling stock, etc., as a collateral security for any bonds which the Company might thereafter issue to the amount therein expressed, viz: \$1,500,000. Thus each bond issued carries on its face the highest security the Company could give, which is a pledge of its entire franchise and property. Thus the bonds were placed on a safe basis, and have been convertible into cash in the Eastern market at nearly their face, thus enabling the Company to make the extensive purchases shown in the accompanying exhibit, and to pay therefor in cash. Bonds have been issued under this mortgage to the amount of \$785,000, and no more; thus we see that instead of the work being mortgaged to Kelly & Dodge for \$1,500,000, it is not thus mortgaged beyond the sum of \$785,000, and for this the Company have purchased and have on hand, iron, rolling stock, etc., the full equivalent and value for that amount, with \$87,400 cash on deposit in New York, to pay for engines and other expenses.

The debts due of all kinds (exclusive of said bonds) amount to about \$396,000, while the cash on hand and the amount yet due from stockholders exceed that amount.

The above items, thus briefly stated, are more fully stated in the Exhibit, to which special attention is invited, as in the opinion of the undersigned they present a healthy condition of

* The amount of land has since been doubled by Congress.

finances and a vigorous administration of the affairs of this Company almost without a parallel in American railroad enterprise.

No limited vision or narrow views circumscribe this undertaking, but on the contrary every step of the project thus far taken seems commensurate with the great purpose the work is destined to subserve. The first fifty miles of the railroad completed will meet the new wagon road to be also completed about the 1st of April. This new wagon road will be an improvement as respects width, grade and distance, over any other across the mountains, thus at once shortening the time and distance between Sacramento and Virginia City, and giving the railroad profitable employment.

The undersigned has taken some pains to ascertain if there is any ground for the unworthy imputation sometimes uttered, that this railroad is only intended to go to the mountains to meet the wagon road and there stop, thus making the counties and the general government build a railroad to accommodate and enrich the wagon road proprietors. And it is with pleasure, as well as with a full assurance of the truth of the contrary facts, that he denounces all such imputations as entirely false and groundless.

No possible amount of business done on a wagon road, could more than pay the expenses of running such a railroad, much less pay interest on the investment. Besides, the character of the men who have the chief control of this great work, is of itself a perfect guarantee of the good faith of what they propose to accomplish. They have lived amongst us many years, and by their industry and enterprise earned for themselves large fortunes, and at the same time names for unsullied integrity and honor. They have left their former pursuits and embarked all their earnings and fortunes in this great undertaking, in the full assurance, based upon their business foresight and sound judgment, that the work will not only be remunerative to themselves, but that it will be a blessing to the country; and at the same time link their names imperishably with the history of the work as the founders of the great Pacific Railroad.

But if no higher object than pecuniary gain actuate them, would they be likely to stop this side of the mountains, trifling with a wagon road, when for the rest of the way, with the aid of \$48,000 of Government bonds, and 6,400 acres of land for each mile of the road built, they might complete it to Washoe, and at once take the whole carrying trade, freight, passengers and treasure now passing the various roads, with all that indefinite and almost illimitable transportation of wood, coal, ores, machinery, passengers, etc., which always attends upon a cheap and rapid progress.

The wealth of the seas accumulating at San Francisco, the surplus produce of the rich valleys of California and her bound-

less forests of timber, all alike would gravitate to Washoe, Humboldt and Reese River, carried by a stronger than magnetic current along the iron rails, while the ores and bullion from those mines would supply a return freight. This alone would seem inducement enough to build the road; but a still greater freight of wealth and life is promised this branch in connection with the road now in process of completion from the other side of the continent, and when united at some intermediate point, to constitute the great highway over which the nations of the earth will pass with their varied freights and treasures.

The Legislature of the State provided that the citizens of this city and county should determine by their votes whether or not they would aid in the speedy construction of this great work, and by a two-thirds vote, the voters said Yes. By the same statute which authorized them so to speak, this "Board of Supervisors is authorized, empowered, directed and required immediately after the result of said election is officially declared, to take and subscribe, in the name of the city and county of San Francisco, to the capital stock of the Central Pacific Railroad Company of California, to the amount of \$600,000; and therefor to pledge the faith of said city and county for the payment of same," etc.

The Legislature permitted it with the concurrence of our constituents. They have unmistakably demanded it. The Courts, by a solemn adjudication, have awarded it. Even the personal examination made by your Committee, of the progress of the work warrant it.

With such resources at the command of the Company, the undersigned feels safe in the prediction that the stock thus subscribed for by this city will be worth more than the face of the bonds thus issued, at their maturity; so that, if it were an open question upon which this body had the right to exercise its discretion, he would then, as a financial measure and one connected with the safety and best interests of this people, most confidently, as he now does, recommend the subscription.

Another fact should be considered in this connection—which is, that the Act of Congress authorizing and requiring the Central Pacific Railroad Company of California to construct and complete a railroad within a certain time, is equally imperative in requiring the construction of a line of telegraph on the line of the road, to be completed at the same time. The posts are already set along the line of the road nearly to Auburn, and the wires laid along ready for mounting.

With the completion of this road we shall also have another line of telegraph so located that a break in the wires at any point can be almost instantly detected and repaired, thus securing an uninterrupted communication at the cheapest rates with the Eastern States.

The report of the majority of your Committee is so framed as to show that it is almost impossible for the Company to complete the first fifty miles of the road within the first two years; and in case it is not so completed a forfeiture will ensue, and that the city subscribing at this time will lose the whole \$600,000 subscribed, besides becoming liable as a stockholder for the debts of the Company.

Such a reason for not subscribing comes with a bad grace from us whose duty it was to make this subscription six months ago, to an amount authorized by law and the votes of our constituents, which subscription, had it been promptly made, would have essentially advanced the work beyond its present condition.

But there is no clause of forfeiture contained in the Act, on failure to complete fifty miles in two years. The tenth section requires this Company to "complete fifty miles of their said road within two years after filing their assent to the provisions of this Act." (The two years will expire in December next.) The seventeenth section says, "that in case said Company shall fail to comply with the terms and conditions of the Act, by not completing said road and telegraph and branches within a reasonable time, but shall permit the same for an unreasonable time to remain unfinished, Congress may pass an Act to insure the speedy completion of said road, and may direct the income of said railroad and telegraph line to be thereafter devoted to the use of the United States, to repay all such expenditures caused by the default or neglect of such company or companies."

Nothing like a forfeiture is mentioned, except on failure to make a road connecting the Sacramento and Missouri rivers by the 1st of July, 1876.

Therefore, the undersigned sees no ground for apprehension of loss by forfeiture for a failure to complete the first fifty miles within the prescribed period, and in his opinion there is every probability, judging from the results already accomplished within so short a time, that not only the first fifty miles, but that the whole work will march on to completion in its every stage, within the time limited by law.

Next to their patriotism and love of country there is no sentiment more cordially cherished by the people of this city and State, than that of the successful and speedy completion of the Great Pacific Railroad. It will be built, and that too, speedily: it only remains for us to say whether we will share in the honor of a place among its generous contributors.

H. DE LA MONTANYA,

One of Your Committee.

EXHIBIT "A."

SACRAMENTO, January 29, 1864.

To Messrs. *Montanya, McCoppin, and Torrey, Committee*—GENTLEMEN: For the purpose of enabling you to form a correct opinion of the progress of the work on the Central Pacific Railroad and the financial condition of the Company, and for the information of the Board of Supervisors of San Francisco, and others interested in the great enterprise, we give this statement of facts from the books and records of the Company and other sources, and which are capable of being fully verified by the books, if required.

The preliminary surveys for the road over the Sierra Nevada mountains, comprising in all 1,365 miles of surveys and reconnoissances, and which demonstrated the feasibility and superiority of the route by way of the Donner Lake Pass, were completed in the Fall of 1861. As a work of such magnitude could not be constructed without Government aid, the Chief Engineer was immediately sent by the Company to Washington, with all the notes of surveys, and profiles and maps, showing the surveys made and demonstrating the practicability of the route selected, to procure the necessary aid from Congress.

The great objection to a Pacific Railroad bill had been the supposed impracticability of constructing a road over the Sierra Nevada mountains. The surveys thus made by this Company, which were the only ones made over the mountains with proper instruments, removed this objection and fully satisfied Congress upon the subject. Our agents finally succeeded in securing the passage of the Pacific Railroad Act, which was signed by the President July 1st, 1862. Immediately upon the return of the Chief Engineer, the Company put several corps of engineers in the field to run the necessary lines for the final location of the first 70 miles of the road.

An agent was also immediately sent East to purchase the necessary iron, locomotives, cars and other materials for the construction of the road, which had to be made in advance of the grading and other work, on account of the time required to transport the same to this coast. Considering the disturbed financial condition of the country, caused by the war, he succeeded beyond the expectations of all, and the necessary iron and other materials for 60 miles of the road have been purchased and nearly all paid for, much of which has already been received, and the remainder is in course of transportation here.

The formal inauguration of the work was held January 8th, 1863, but it was not actually commenced until February, since which time the Company have constructed a costly and substantial bridge and trestlework over the American river, have fully graded ready for the iron 18 miles, and nearly graded about 13

miles more, with about 13 miles of iron track laid and in operation. Unless some unforeseen accident should occur, we confidently anticipate the completion of the first 31 miles of the road by the 1st of April next, when we can commence to transport freight and passengers, and begin to realize an income.

The total cost of grading, masonry, (including the bridge over the American river), ties and track-laying of the first 18 miles of the road will cost \$400,000, of which \$250,000 is in cash, and the balance of \$150,000 is in the bonds and stock of the Company.

The grading, masonry, bridging, ties and track-laying of the next 13 miles, are estimated to cost \$505,658.

The cost of grading, masonry, bridging, ties and track laying of the remainder of the first division of 50 miles, as estimated by the Chief Engineer, is \$1,330,238, the work being very heavy. The cost of rails, locomotives, cars, turn-tables, machinery, etc., for the first fifty miles, is estimated at \$721,000. Cost of buildings, machinery, right of way, engineering and contingent expenses is estimated at \$264,600. We do not hesitate to say that the work, so far as it has progressed, has been prosecuted more expeditiously and at less cost than any similar work on this coast. There are at present engaged upon the work 669 men and 119 teams. About 604,000 yards of earth, cement and rock have been excavated up to this date. The Company have also purchased and paid for, and also paid the freight thereon to San Francisco, 6 locomotive engines, one of which has arrived and is in daily use upon the road, and 4 others are already shipped and on the way; also 40 freight cars, 25 of which have been received and seven of them put up, and are now in use; 6 first class passenger cars and 2 baggage cars not received, but expected soon; 3 construction and 2 hand-cars received and in use; 2 turn-tables received, also frogs and switches sufficient for the 50 miles, 18 of which have already arrived, with one hydraulic press.

Six thousand tons of railroad iron have been purchased, and nearly all paid for, with the freight to San Francisco, of which 1,675 tons have arrived, the greater part of which has already been laid down by contract. The balance is shipped, and to be shipped at the rate of 500 tons per month.

The United States Government has made liberal grants of aid to the Company in bonds and lands at the rate of \$16,000 of bonds per mile from Sacramento to the base of the mountains, and \$48,000 per mile beyond that; also every alternate section of all public lands (except mineral lands) within ten miles on each side of the road, amounting to 6,400 acres for each mile of the road.* The State has also donated \$10,000 per mile, which for the first fifty miles amounts to \$500,000. The stockholders, including the several counties subscribing stock, receive the

* Since doubled by Act of Congress.

benefit of these donations, as they will be applied towards the construction of the road, the cost of which will be diminished to that extent.

It has been stated that the Company intend only to construct the Road to Dutch Flat, a distance of about 70 miles from Sacramento. There is not the least foundation for this assertion, yet many have been led to believe it. The immense trade to Washoe and the profit to be realized from its transportation, is alone a sufficient inducement to urge us to as speedy a completion of the work as possible. But the further fact that by the 17th section of the Pacific Railroad Act the Company will lose its road, and all the means we have invested in it, and that the same becomes forfeited to the Government unless the road is completed as required by the Act, is sufficient to urge on the work to its full completion. Of course no such suicidal policy will be pursued, and no interest could induce the Directors of the Company to fail in completing the work. Many other reasons could be adduced showing that it is the interest of all concerned to push the work to completion as speedily as possible.

The amount of stock subscribed is \$1,364,000; of which the sum of \$1,040,440 has been paid in.

The amount of indebtedness is as follows:

In first mortgage bonds issued.....	\$785,000 00
Bills payable (in currency).....	210,000 00
Bills payable (in coin).....	32,000 00
Unadjusted accounts, not to exceed.....	10,000 00
Due contractors for per centage retained, a portion payable in stock.....	77,556 65
Due the Treasurer, money advanced by him.....	62,703 15
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	\$1,177,259 80

The following sums are due the Company:

From stockholders (on capital stock).....	\$323,560 00
Balance on deposit in New York to pay freight, etc	87,400 21

The following are further assets and property of the Company:

13 miles of completed railroad, including the American river bridge.....	520,000 00
18 miles of road partially graded and bridged, a portion of which is ready for iron, valued at.....	375,000 00
4,800 tons railroad iron, freight and insurance paid valued at.....	605,000 00
30,000 redwood ties.....	22,500 00
6 locomotive engines.....	95,000 00
40 freight cars.....	42,000 00

6 first class passenger cars	28,000 00
2 baggage, 3 construction, and 2 hand cars, valued at.....	5,500 00
2 turn-tables.....	1,650 00
3,000 kegs railroad spikes, valued at.....	21,000 00
34,250 wrought iron railroad chairs, valued at.....	20,000 00
Frogs, switches, extra engine tires and hydraulic press.....	5,400 00
Schooner landing, shops, buildings, tools and materials in shops, and other miscellaneous materials	10,250 00
Horses, wagons, camp equipage and surveying instruments	2,500 00
20 acres land at railroad crossing, cost.....	100 00
Lot 8 C and D, Sixth and Seventh streets, Sacramento City, cost.....	400 00
Levee front from K street north, about 1,100 feet in length, between Front street and the Sacramento river, and Sutter Lake property, near I street, valued at.....	100,000 00
The "right of way" on the Rancho del Paso, 10 miles in length, generously donated to the Company by Messrs. Haggin & Tevis of San Francisco, valued at	2,000 00
Other "rights of way" acquired.....	1,000 00
Surveyed line to the eastern boundary line of the State, cost.....	56,537 19
448 Placer county bonds.....	224,000 00
600 Sacramento county bonds.....	300,000 00
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	\$2,848,797 40

All of which is respectfully submitted.

E. H. MILLER, JR.,
Secretary C. P. R. Company.